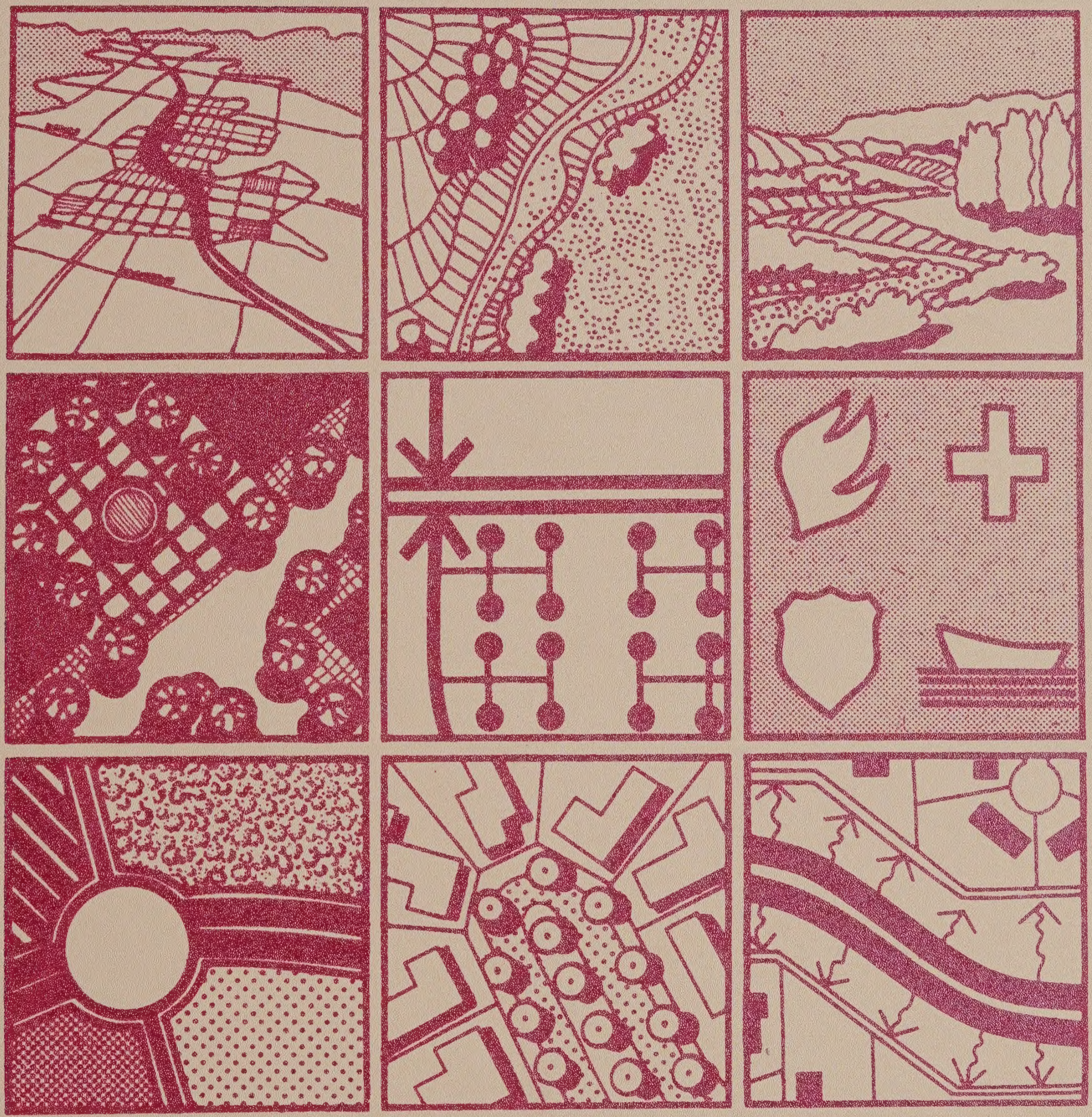


SALINAS GENERAL PLAN

Plan Policies

6. HOUSING ELEMENT PROGRAM POLICIES

State law (Government Code Sections 65580 through 65589) requires the Housing Element to contain:

1. An assessment of housing needs, and an inventory of resources and constraints relevant to meeting those needs;

2. A statement of the community's goals, quantified objectives, and policies relative to the maintenance, improvement, and development of housing; and

3. A program that sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

This section includes all the Housing Element Policies. The Housing Element data and analysis required by State guidelines is found in Appendix A. A review of the previous Housing Element is found in Appendix B. Together, these three sections comprise the complete Housing Element of the Salinas General Plan.

Housing Program policies are grouped under six headings: affordable housing; housing for persons with special needs; housing sites; removing constraints to housing production; residential conservation; and access to housing. A seventh section contains policies relevant to residential energy conservation.

According to the Association of Monterey Bay Area Governments' (AMBAG) Regional Housing Needs Plan, Salinas had a total of 13,679 housing units that were affordable to very low- or low-income households in 1989. According to the plan, Salinas will need a total of 16,233 housing units by 1996 that are affordable to very low- and low-income households. This means that between January 1, 1989 and July 1, 1996, Salinas will need 2,554 new housing units affordable to low- and very low-income households. This represents a need for 341 affordable housing units per year over the 7.5 year regional housing needs planning period.

In 1986 only 22 percent of Salinas households could afford the 1986 median single-family house price of $120,000 (new and resale units) if they had no equity in an existing home. Data collected by the Salinas Association of Realtors indicates that the 1990 median price for a single-family home in Salinas had risen to $158,166, representing an increase of 31.8 percent over the 1986 median price. According to AMBAG's Regional Housing Needs Plan, low- and very-low-income households make up 40 percent of Salinas households; about 23 percent are moderate-income households and 37 percent are above-moderate-income households.

Limited income is not the only obstacle to finding adequate housing. Finding units of adequate size, location and design is especially difficult for large households, seasonal workers, senior citizens, disabled persons, and persons in need of emergency shelter. Policies in Section 6.2 address the housing needs of these groups.

Quantified Objectives

As required by state law, policies in this element seek to meet the quantified housing goals described in the Appendix: Housing Element Data and Analysis, Section 5.3, Housing Demand.

As defined by the Regional Housing Needs Plan, the total housing need for all income groups in the City of Salinas for the planning period starting January 1, 1989 and ending July 1, 1996 is for 7,335 new units. As stated above, 2,554 of these should be affordable to households of low- and very low-income. The breakdown of the number units needed by each household income category over the 7.5 year regional housing needs planning period is as follows: 1,313 very low-income units; 1,241 low-income units; 1,839 moderate-income units; and 2,942 above moderate-income units. This translates to an average construction rate of 175 very low-income units per year, 165 low-income units per year, 245 moderate-income units per year, and 392 above moderate-income units per year over the 7.5 year regional housing needs planning period. To meet the goals set in the

Regional Housing Needs Plan, an average of 978 total housing units should be built per year in Salinas between January 1, 1989 and July 1, 1996.

6.1 AFFORDABLE HOUSING

The elimination of direct federal subsidies for additional housing for low- and moderate-income households has placed greater emphasis on the role of local jurisdictions in producing affordable housing. Market-rate ownership housing in Salinas is out of reach for most low- and moderate-income families who do not have equity in an existing home. While rental housing is more affordable by these households, many very-low-income households are paying more than 30 percent of their income for housing or are living in overcrowded conditions. The table below describes the income definitions used in the Housing Element and the percent of Salinas households in each income category in 1991, based on AMBAG Regional Housing Needs Plan 1989 estimates.

Income Category	Definition	Dollar Income in 1991[a]	Percent of Salinas Households in Category
Very Low Income	No more than 50% of County Median Income	To $19,000	22%
Low Income	51% thru 80% of County Median Income	$19,000 to $30,400	18%
Moderate Income	81% thru 120% of County Median Income	$30,400 to $45,600	23%
Above Moderate Income	Above 120% of County Median Income	Over $45,600	37%

a. Figures are for four-person household in Monterey County, California Department of Housing and Community Development

Guiding Policies: Affordable Housing

6.1 A. Participate in programs assisting in the production and conservation of housing affordable by very-low-, low- and moderate-income households.

6.1 B. Ensure that units produced for very-low-, low- and moderate-income households are made available to those groups and maintained as affordable units.

6.1 C. Provide for a geographic dispersal of units affordable by very-low-, low- and moderate-income households throughout the City of Salinas.

6.1 D. Grant density bonuses for affordable units, as required by state law.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: The City's housing need as defined by AMBAG's Regional Housing Needs Plan is for 7,335 total units to be built by July 1, 1996. It is likely that at least 10% of that total will utilize the density bonus program. Therefore, the City's goal is to build 475 units under the density bonus program.

The City is required to grant a density bonus of 25 percent of the density that would otherwise be allowed under zoning regulations consistent with the General Plan under any three conditions: if 10 percent of project units are affordable to very-low- income households; if 20 percent of the project units are affordable to low-income households; or if 50 percent or more of project units are set aside for senior-citizen households.

6.1 E. Provide for a site specific density bonus ordinance.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Include a site specific density bonus provision in the zoning ordinance by July 1, 1992. Likely to result in at least 10 lower-income affordable units per year.

The site specific density bonus, as proposed by the Housing Trust Fund Task Force, would allow for a modest increase in the allowable density of the affordable housing site itself within the allowable General Plan range. This would be in addition to the projectwide density bonus.

6.1 F. Participate in mortgage revenue bond programs that provide tax-exempt financing to developers of projects providing a percentage of rental units for low-income households.

Responsible Agency: Salinas City Council (may issue bonds or may participate in issues with Monterey County or other jurisdictions)

Quantified Objective: Construction of three multifamily projects by July 1, 1996. If projects average 150 units and 20% of these were affordable to low income households, the five-year affordable total would be 90 low-income units.

Financing: Developers pay cost of bond issue; no cost to City.

Federal and state regulations govern availability of bond programs. The primary objective of Salinas' multifamily bond program is to encourage the construction of new rental housing. A program for multifamily housing revenue bonds was adopted by the City Council in July 1983. This bond program is designed to be self-supporting through the fees paid by developers at the time of bond issuance.

The 1986 Tax Reform Act requires that 20 percent of the units be affordable to households earning 50 percent or less of median income, or 40 percent of units be affordable to households earning 60 percent or less of median income.

The state also regulates tax-exempt bond issues. Recognizing the urgent housing need of larger families, state law requires that priority for tax-exempt funds be given to projects containing three or more bedroom units.

6.1 G. Ease qualification requirements for mortgage revenue bonds by amending Section 10-81 of the Salinas Municipal Code (Rules and Regulations for the Financing of Multifamily Rental Housing Projects in the City of Salinas) to delete Part III.B.

Responsible Agency: Salinas City Council
Salinas Department of Community Development

Quantified Objective: Amend Salinas Municipal Code by July 1, 1992.

This section of the Rules sets additional criteria for rental projects receiving tax exempt financing over and above state and federal requirements. Currently, the project to be financed must meet one of the following criteria: involve the redevelopment of an existing substandard property; is planned and designed to preserve and enhance significant environmental assets; is designed to meet the needs of senior citizens; contains 20 percent or more units with three or more bedrooms; contains 10 percent or more units with four or more bedrooms; 50 percent of units are affordable to low-income households. It is believed that these requirements may unduly restrict the use of the bonds.

6.1 H. Encourage use of Federal tax credits for the production of low-income housing.

Responsible Agency: Salinas Department of Community Development
Salinas Redevelopment Agency

Quantified Objective: Unknown; program has no track record. planning staff to research use of the Federal Tax Credit; request application packets from the Mortgage Bond Allocation Committee; prepare an information summary; and inform prospective users of the program.

Financing: City staff time.

Under the provisions of the 1986 Tax Reform Act, a nine percent tax credit was available to rental housing developers who made 20 percent of all units affordable to households receiving 50 percent or less of the median, or 40 percent of units affordable to households receiving 60 percent or less of median household income. Non-profit developers can can sell tax credits to for-profit developers.

6.1 I. Participate in mortgage revenue bond programs that provide tax-exempt financing to first-time home buyers, as appropriate.

Responsible Agency: Salinas City Council

Quantified Objective: City will participate as requested by developers. Demand is market driven based on the cost of financing.

Financing: Program cost borne by developer.

These funds provide lower-cost mortgages to first time home buyers buying new or existing single-family homes. When market-rate interest rates are relatively low there is little developer interest in such a program.

6.1 J. Establish a Housing Trust Fund to assist with the development and conservation of housing affordable to residents with incomes not exceeding 80 percent of the county household median.

Responsible Agency: Salinas City Council

Quantified Objectives: Assistance to 240-320 affordable units, by July 1, 1996. City Council will take decisive action on all Housing trust Fund components by March 31, 1992.

Financing: Housing Trust Fund.

The Salinas Housing Trust Fund, proposed by the Salinas Housing Task Force, would consist of a City housing funding commitment of $1,000,000 per year. The fund would be sustained from a wide variety of sources so that the burden of providing for needed housing would be shared throughout the community. Potential funding sources include Community Development Block Grant and redevelopment funds, a minimal citywide parcel tax, modest increases in professional business license taxes, modest increases in utility use and transient occupancy taxes, elimination of business license exemptions for manufacturing and agricultural uses, and a modest commercial/industrial linkage fee. The Housing Trust Fund revenues will not be used to subsidize units required to be provided under the affordable housing mandate imposed by Policy 6.1 N

6.1 K. Allow second units in single-family residential zoning districts (where additional parking for the second unit is provided, and where the second unit neither adversely affects nor alters the character of surrounding single-family residential development).

Responsible Agency: Salinas City Council
Salinas Redevelopment Agency

Quantified Objective: Enact ordinance by July 1, 1992.

The City will continue to comply with state law in regard to allowing the development of accessory units in single family residential zoning districts.

6.1 L. Cooperate with local non-profit housing developers in developing low-income housing.

Responsible Agency: Salinas City Council

Quantified Objectives:

1. By July 1, 1992, prepare inventory of vacant land suitable for lower income residential use.
2. Construction of 400 additional units affordable to low- and very-low-income households by July 1, 1996

Housing developed by private and governmental non-profit entities remains a key component of the City's stock of affordable houysing.

6.1 M. Prepare plan for use of Redevelopment housing set-aside funds to stimulate affordable housing production.

Responsible Agency: Salinas Redevelopment Agency

Quantified Objective: Adopt Redevelopment housing policy guidelines by January 1, 1992.

Financing: Redevelopment housing fund.

The plan should include an assessment of current funds available, projection of future set-aside funding and policies for the implementation of redevelopment housing programs. State law requires a percentage of redevlopment tax increment monies be used for affordable housing.

6.1 N. All new residential developments of 10 or more units shall be required to provide a minimum of 12 percent of their units as housing affordable to households of low- or very-low-income. Projects of 10 to 19 units shall be required to provide one affordable housing unit.

Responsible Agency: Salinas City Council

Quantified Objective: Amend the Zoning Ordinance by July 1, 1992. Construction of 150 units July 1, 1996.

6.1 O. As required by State Housing Element law, the city shall endeavor to preserve the affordability of currently subsidized low income housing developments which are, or soon will be, eligible for conversion to market rate housing.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Prepare and adopt a plan, by January 1, 1992, for the preservation of the affordable status of the city's subsidized housing developments which are eligible, or soon will be eligible, for conversion to market rate. The plan will identify appropriate sources of

local, state and federal financing for maintaining the affordability of units eligible for conversion within the city.

In Salinas there are currently 79 federally subsidized units that have recently become eligible for conversion to market rate. There are 17 such units in the Del Monte Townhouses complex and 62 such units in the Plaza Apartment complex. The Plaza Apartments have recently applied for an extension of publically assisted status. An additional 175 subsidized units in Salinas will become eligible for conversion to market rate in the year 2003.

6.1 P. Encourage the County of Monterey, and other Salinas Valley cities, to develop policy and programs to address the shortage of affordable housing for agricultural workers.

Responsible Agency: Salinas City Council
Appropriate staff, as directed

Quantified Objective: Lobby for increased state and federal funding of farmworker housing programs, such as FmHA 514/516. Support creation of a task force of Salinas Valley jurisdictions charged with developing methods to increase the supply of agricultural worker housing.

Developers would be encouraged to include agricultural worker housing in Affordable Housing Plans required for major developments. Agricultural worker housing could be given high priority for the use of City of Salinas Housing Trust Fund monies.

6.1 Q. Use 20% housing set aside funds generated by redevelopment project areas to increase, improve, and preserve the supply of very-low, low-, and moderate-income housing within the respective project as required by State law.

Responsible Agencies: Salinas Redevelopment Agency
Salinas Redevelopment Department
Salinas Community Development Department

Quantified Objective: With and estimated $350,000 available over the planning period, approximately 25 new affordable housing units could be provided.

Actions Needed: Develop program for the allocation and monitoring of 20% housing set aside funds for use in the respective redevelopment project areas.

Financing: California Redevelopment Law requires redevelopment projects to deposit 20% of their tax increment revenue into a low- and moderate-income housing fund (unless special findings can be made) for use in that project area to increase, improve, and preserve the supply of very-low-, low-, and moderate-income housing in that redevelopment project area.

The Sunset Avenue Redevelopment Project is currently meeting this requirement. However, the Center City Redevelopment Project Area has deferred deposit of its housing fund obligation until 1996, which is allowed under State law.

6.2 HOUSING FOR PEOPLE WITH SPECIAL NEEDS

Section 5.1 of Appendix A identifies those groups with special housing needs: larger families, female-headed households, the elderly, the homeless, and seasonal farmworkers. The following policies seek to encourage development of housing that will meet the special housing needs of these groups.

Guiding Policies: Housing for People with Special Needs

6.2 A. Encourage the development of affordable-housing units with three or more bedrooms.

6.2 B. Provide incentives for development of senior housing on sites where proximity to services and other features make it desirable.

6.2 C. Encourage the retention and rehabilitation of, and new construction of, high-density housing in the Central City.

6.2 D. Encourage the provision of housing that is decent, safe, and attractive in Salinas for seasonal farm-workers.

6.2 E. Encourage the provision of housing for homeless persons through the City's use of state and federal programs and through the cooperation of public and private sector organizations.

Implementing Policies: Housing for People with Special Needs

6.2 F. Require all multi-family residential projects exceeding 10 units (except senior housing and Central City projects) to provide 20 percent of their units as three bedroom units and 10 percent as four-bedroom units.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Adopt as a Zoning Ordinance provision by July 1, 1992.

6.2 G. Review development regulations and the city fee schedule to assure that any disincentives to production of larger units are eliminated, revise regulations as needed.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Review of development regulations and city fee schedule, and revisions as necessary, by January 1, 1992.

Park fees, sanitary sewer fees and storm-drainage fees are currently assessed on a per-bedroom basis which, together with a generally lower per square foot charge for larger units, discourages construction of larger rental units. Apartments currently pay higher fees in proportion to development cost than single-family homes . A per-unit cap on fees, or a sliding scale with reduced rates for units with three or more bedrooms would reduce the disincentive.

6.2 H. Support the use by non-profit groups of Federal and state financing for construction of housing for the elderly and disabled. Support other governmental programs resulting in provision of housing for people with special needs.

Responsible Agency: Salinas City Council

Quantified Objective: Construction by non-profit housing groups of 50 units of U.S. Department of Housing and Urban Development, Section 202 (HUD 202) financed housing designed for the physically disabled, by July 1,1996.

6.2 I. Adopt special development standards, for projects to be occupied 100% by seniors, that would include reduced parking requirements and requirements for special design features required by seniors such as ramps instead of stairs or easily gripped door and faucet handles.

Responsible Agency: Salinas City Council

Quantified Objective: Adopt special development standards by July 1, 1992.

6.2 J. Support efforts by leading agencies such as the State Office of Migrant Services and Housing Authority of Monterey County to provide housing for migrant farmworkers and their families.

Responsible Agency: Salinas City Council

Quantified Objective: Cooperate with local non-profit housing developers in locating suitable sites for the construction of 80 units of migrant farmworker housing by July 1, 1996.

Financing: Staff time

Accurate statistics have not been available regarding the demand for migrant housing in Salinas. It has been a widely held assumption that the need for migramt family housing was declining due to industry changes and the tendency for farmworker families to settle in Salinas, even if wage-earner members followed the crops in the off season.

Housing providers have indicated that the overhead involved (in maintaining units year-round for six-month occupancies) makes such projects less feasible than permanent housing, especially in light of the scarcity of sites and other resources. Providers have also expressed concern over the large "matching requirement" for local funds reportedly required under certain governmental programs targeted for migrant housing.

6.2 K. Work closely with labor contractors, agricultural employers, labor camp operators, County and State officials to ensure the high utilization of existing labor camp spaces as a way of housing single male farm workers and of reducing existing housing overcrowding in the community.

Responsible Agency:	Salinas City Council Salinas Redevelopment Agency
Quantified Objective:	Difficult to quantify
Financing:	City Staff time

6.2 L. Encourage development of single-room-occupancy (SRO) facilities in the Central City.

Responsible Agency:	Salinas Redevelopment Agency
Quantified Objective:	Development of 40 new or rehabilitated SRO units, by July 1, 1996.
Financing:	Potential sources of funding include: the Special User Housing Rehabilitation Program, the HUD 312 Rehabilitation Program, and federal funds available through the Stewart McKinney Homeless Assistance Act of 1987 (administered by the U.S. Department of Housing and Urban Development).

Single-room-occupancy facilities (SROs) are one housing alternative for low-and very- low-income singles and couples, including those who would otherwise be homeless. Recipients of any state or federal SRO funding may be required to limit rent increases and assure tenancy by low-income persons after rehabilitation.

6.2 M. Allow a density bonus larger than 25 percent in appropriate locations for projects with 50 percent or more units designated for seniors.

Responsible Agency:	Salinas City Council Salinas Planning Commission
Quantified Objective:	Develop criteria under which increased density bonus would be allowed and amend density bonus ordinance accordingly by July 1, 1992.

A larger density bonus would be appropriate in a location near to shops and services used by seniors, and where it can be demonstrated that the environmental impacts of the project would not exceed those envisioned by open occupancy units.

6.2 N. Support the Downtown Social Service Board in their efforts to provide an emergency shelter for the homeless.

Responsible Agency: Salinas Redevelopment Agency

Quantified Objective: Provide technical support through the construction phase of the proposed emergency shelter.

The city will continue support the "Swinging Door" day shelter for the homeless as well as other entities providing services to the homeless and the destitute.

6.2 O. Amend Zoning Ordinance regulations to provide clear guidance for the location and review of shelters for the homeless.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Adoption of revised Zoning Ordinance by July, 1992.

Financing: Staff time

6.3 HOUSING SITES

The General Plan includes large amounts of land designated for residential development and would allow over 10,000 units in new development areas south of the proposed Boronda Road extension as well as units on infill sites. Recent construction trends and the availability of permits for sewer hookups indicate that about 5,000 units could be added during the five-year housing program, although AMBAG projects a 1.8 percent growth rate or about 3,800 additional housing units.

Guiding Policies: Housing Sites

6.3 A. Make sites for residential development available in response to market demand, so that scarcity of land does not unduly increase the cost of housing, consistent with other Plan policies.

6.3 B. Ensure that new residential development is compatible with surrounding neighborhoods.

6.3 C. Encourage a variety of housing types to be built on residential sites to increase choice for Salinas households.

Implementing Policies: Housing Sites

6.3 D. Work with the Monterey County Local Agency Formation Commission (LAFCO) to ensure that sufficient land for future residential development is made available to the city through appropriate sphere of influence changes and annexations.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: There is sufficient land within City limits to provide for approximately 7,800 housing units, which is greater than the City's needs for the period, as established in the Regional Housing Needs Plan.

Financing: Staff time.

6.3 E. Prepare and adopt Precise Plans for all Conditional Growth Areas prior to approval of any development.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: 3,800 to 5,000 units to be included in Precise Plans.

Financing: Cost of Precise Plan preparation to be borne by property owners

Policy 3.1 J. of the Land Use Element also requires precise plans to be prepared and adopted for all Conditional Growth Areas.

6.3 F. Allow manufactured housing in all residential districts provided that it meets the same standards as conventional housing and is placed on permanent foundations.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Continue existing policy.

Financing: Staff time.

6.4 REMOVING CONSTRAINTS TO HOUSING PRODUCTION

Guiding Policy: Removing Constraints to Housing Production

6.4 A. Remove constraints to production and availability of housing to the extent consistent with other General Plan policies.

Implementing Policies: Removing Constraints to Housing Production

6.4 B. Rezone existing "U" districts that have been developed to eliminate or reduce subsequent review time for proposed changes to that development. Consider creation of a "transitional" zoning district.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Revision of "Unclassified" district regulations by July 1, 1993.

Some residential projects have been subject to conditional use permits and Planned Unit Developments (PUDs) that increase project-approval times. Specific development guidelines would allow more development to be approved administratively.

6.4 C. Continue to provide for waiver of City development fees for directly assisted units affordable to low-income households, where a funding source other than a development fee is available.

Responsible Agency: Salinas Department of Community Development
Salinas Planning Commission
Salinas City Council

Quantified Objective: Reduce cost of producing units affordable to low-income households. Consider individual projects during development approval stage.

Financing: City loses a proportion of development fees.

Ordinance Number 1847 (approved in March 1982) provides an exemption for assisted low-income housing units from a portion of development fees for parks , street trees, and storm- and sanitary-sewer trunk lines. The proportion of fees to be waived and the application of the exemtion to specific projects should be replaced by a source of funds other than development fees. Ordinance 1998 (approved June 1986) amended development fees on new construction by amending definitions.

6.4 D. Continue efforts to streamline and improve the development review process.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Adoption of zoning ordinance and implementation of development review procedures by July 1, 1992.

6.4 E. The City shall work closely with the Monterey Regional Water Pollution Control Agency (MRWPCA), the Monterey Bay Unified Air Pollution Control District (MBUAPCD), and the Association of Monterey Bay Area Governments (AMBAG) to ensure there will be sufficient allocation of residential sewer hookups to meet the city's share of the regional housing need.

Responsible Agency: Salinas City Council

Quantified Objective: Sufficient allocation of residential sewer hookups to meet Salinas' regional housing goal of 7,335 new units by July 1, 1996.

The primary non-governmental constraint on housing in Salinas is the allocation of new sewer hookups for residential units in the city. Sewer hookups are limited in order to maintain consistency with the 1989 Air Quality Management Plan for the Monterey Bay region adopted by the Monterey Bay Unified Air Pollution Control District (MBUAPCD). The current allocation for the city is for approximately 5,947 new units between January 1, 1989 and December 31, 1994. Information as of June 1, 1991 shows that less than 1,000 of these connection permits have been issued.

The existing allocation for the city is 1,388 units less than the city's share of the regional housing need. However, the Regional Housing Needs Plan has a time horizon 1.5 years longer than the existing sewer allocation plan. Although it is not known at this time what the city's sewer allocation will be beyond December 31, 1994, it is anticipated that it will be sufficient to allow the city to meet its share of the regional housing need. Nonetheless, it is of utmost importance that the city continue to work closely with the Monterey Regional Water Pollution Control Agency (MRWPCA), the Monterey Bay Unified Air Pollution Control District (MBUAPCD), and the Association of Monterey Bay Area Governments (AMBAG) to ensure sufficient allocation of wastewater treatment capacity to meet the city's share of the regional housing need.

6.5 RESIDENTIAL AND NEIGHBORHOOD CONSERVATION

Guiding Policies: Residential and Neighborhood Conservation

The following policies seek to improve the condition of housing in problem neighborhoods, to protect other neighborhoods from deterioration, and to enhance and preserve the historical and architectural character of housing. More detailed policies concerning historical and architectural preservation are included in the Conservation Element, Section 7.4.

6.5 A. Maintain Salinas' housing stock in sound condition.

6.5 B. Rehabilitate substandard housing where feasible.

6.5 C. Provide public services and improvements that enhance and create neighborhood stability.

6.5 D. Preserve and protect residential historical and architectural resources.

Implementing Policies: Residential and Neighborhood Conservation

6.5 E. Continue the enforcement of the building and housing codes.

Responsible Agency: Building Inspection Division of the Salinas Fire Department
Salinas City Attorney

Quantified Objective: To be handled on a complaint basis.

Financing: Staff time.

6.5 F. Consider enactment of property maintenance regulations that promote the sound maintenance of property and enhance the livability and appearance of residential areas.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: City Council and Planning Commission to consider property maintenance regulations by July 1, 1992.

The City of Seaside has adopted a property-maintenance ordinance that defines "prohibited conditions", including unsightly building exteriors, junk stored outside, and lack of turf or landscaping. The ordinance designates a Neighborhood Improvement Commission to conduct an administrative hearing to ascertain if any violations constitute a public nuisance. If a public nuisance is found, the City may serve the owner an order to abate. If the nuisance is not abated by the owner, the City may abate the nuisance and recover the cost through a lien on the property if necessary. This may serve as an appropriate model for the City of Salinas.

6.5 G. Offer lower-interest loans and technical assistance for housing rehabilitation, and housing information and referral programs to eligible property owners.

Responsible Agency: Salinas Department of Community Development

Quantified Objective: Assuming current appropriations, rehabilitation of 140 units by July 1, 1996.
Financing:Community Development Block Grants, other HUD funds, funds from State Department of Housing and Community Development and private sector financing.

These loans are available to low-income owner-occupants, and owners of rental property where at least 51 percent of the units will be occupied by low-income renters.

6.5 H. Amend zoning ordinance regulations concerning residential uses developed to nonconforming standards to allow rehabilitation and enlargement provided the extent of nonconformity is not increased.

Responsible Agency:	Salinas City Council Salinas Planning Commission
Quantified Objective:	Amend Zoning Ordinance by July 1, 1992.

6.5 I. Promote the conversion of existing housing to units which are affordable to low- and very-low- income households.

Responsible Agency:	Salinas City Council Salinas Planning Commission
Quantified Objective:	Rehabilitate and provide 100 units that are affordable to low- and very-low-income households.
Financing:	Community Development Block Grants, other HUD funds, State Housing and Community Development Funds, private sector funding, Housing Trust Funds

---

6.6 ACCESS TO HOUSING

Equal access to housing is protected by state and federal law. Discrimination on the basis of race, color, sex, ethnic or national origin,disability, religion, familial status or marital status is prohibited by the Federal Civil Rights Act of 1968 and by Section 53 of the California Unruh Civil Rights Act. The Rumford Fair Housing Law (part of the California Fair Employment and Housing Act of 1980) also protects individual's access to housing.

The California Supreme Court ruled that discrimination against children in housing is prohibited under the Unruh Civil Rights Act in its decision, Marina Pt., Ltd. v. Wolfson, (30 Cal. 3rd 721 (1982)). Housing Element policies affirm the City's commitment to supporting these laws.

Guiding Policy: Access to Housing

6.6 A. Work to ensure that individuals and families seeking housing in Salinas are not discriminated against on the basis of sex, family structure, national origin, or other arbitrary factors.

Implementing Policies: Access to Housing

6.6 B. Continue to support efforts of organizations dedicated to working toward elimination of discrimination in housing.

Responsible Agency: Salinas City Council
Local and Regional organizations

Quantified Objective: Refer reported cases of discrimination to the appropriate agency.

Financing: Staff time.

Organizations committed to protecting fair access to housing include the Monterey County Department of Consumer Affairs, the Salinas Association of Realtors and the State Department of Fair Housing and Employment.

6.6 C. Ensure that adequate provisions are made in new developments for families with children, including provisions for amenities such as tot lots and play yards.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Revise Zoning Ordinance accordingly by July 1, 1992.

Housing opportunity for families with children should not be limited because necessary facilities are not provided.

6.6 D. Consider funding tenant-landlord mediation service to provide assistance in resolving rental housing complaints.

Responsible Agency: Salinas City Council

Quantified Objective: Consider funding at present levels.

The Conflict Resolution and Mediation Center of Monterey County has been providing mediation services.

6.7 OPPORTUNITIES FOR ENERGY CONSERVATION

Guiding Policy: Opportunities for Energy Conservation

6.7 A. Encourage development and construction standards that encourage energy conservation in residential uses.

Implementing Policies: Opportunities for Energy Conservation

6.7 B. Consider developing design standards relating to solar orientation of buildings.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Develop new and revised design standards and incorporate into subdivision code by July 1, 1992.

6.7 C. In new development areas, continue to encourage land-use arrangements and densities that facilitate energy-efficient public-transit systems.

Responsible Agency: Salinas City Council
Salinas Planning Commission

Quantified Objective: Incorporate design suggestions contained in Monterey-Salinas Transit's Development Review Guidebook into City's Subdivision Ordinance by July 1, 1992

6.7 D. Encourage the retention and creation of neighborhood-level services (e.g. family medical offices, dry-cleaners, grocery stores, drug stores) throughout the city in order to reduce energy consumption and promote neighborhood identity.

Responsible Agency: Salinas City Council
Salinas Department of Community Development

Quantified Objective: Continue to implement Plan Policy 3.4 I relating to new neighborhood shopping centers.

Appendix: Housing Element Data and Analysis

Table of Contents

List of Tables

HOUSING ELEMENT DATA AND ANALYSIS

The Housing Element Program Policies (Section 6 of the General Plan), this Appendix: Housing Element Data and Analysis, and Appendix B: Review of the 1988 Salinas Housing Element comprise the full text of the Housing Element of the Salinas General Plan.

1. INTRODUCTION

1.1 HOUSING AS PART OF GENERAL PLAN PROCESS

This Housing Element updates the 1988 Salinas Housing Element. The 1988 Housing Element was part of a comprehensive revision of the Salinas General Plan which began in 1985. Public attention was focused on housing, particularly in relation to high apartment densities in East Salinas, and minority isolation in the schools which resulted from the concentration of Hispanic residents in apartments. These issues are addressed, in large part, through the Land Use Element and the General Plan map. The Housing and Land Use Elements are closely related.

The Housing Element, as described below in Section 1.2, more specifically addresses housing needs of the different economic and demographic sectors of the population. It continues the City's commitment to programs that promote housing development and preservation. A key objective of the Housing Element is to increase public awareness of the specific housing related needs and problems of the community, as well as programs and projects which will effectively meet those needs.

1.2 1988 HOUSING ELEMENT

Data and analysis presented here are based on 1990 information where available, and on the 1980 Census. Policies of the 1988 Housing Element were reviewed and evaluated in preparing the new Housing Program. The City's success in implementing the policies and achieving the goals of the 1988 element are evaluated in Appendix B.

The last Housing Element, which was prepared during a period of relatively rapid growth, assumed a continued population increase of approximately 3 percent per year. Then, as now, Salinas housing prices were below the medians for the state and the county. However, providing affordable housing for low-income households, and affordable ownership housing for moderate-income households posed a major challenge.

2. HOUSING ELEMENT ORGANIZATION AND PREPARATION

2.1 HOUSING ELEMENT REQUIREMENTS AND ORGANIZATION

To a greater extent than any other part of the General Plan, the contents of the Housing Element are mandated by state law. Government Code Sections 65580 through 65589 set forth requirements relating to the preparation and content of Housing Elements. By law, the Housing Element must contain:

1. An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs;

2. A statement of the community's goals, quantified objectives, and policies relative to the maintenance, improvement, and development of housing; and

3. A program that sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

The housing program must: identify adequate residential sites available for development of a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of low- and moderate-income households; address governmental constraints to housing maintenance, improvement, and development; conserve and improve the condition of the existing affordable housing stock; and promote housing opportunities for all persons.

The Housing Element is intended to comply with state law. Table 1 provides an index to state-required Housing Element components.

The Housing Element organizes the state-mandated material in four main sections. The inventory of housing resources is in Section 4: Setting. Sections 5 and 6 contain information and analysis relating to housing need, ability to meet that need, and constraints to housing production. Section 6 of the General Plan, Housing Ele-

TABLE 1

INDEX TO REQUIRED HOUSING ELEMENT COMPONENTS

Statutory Requirement	Page	Section
Analysis of employment trends	A-6	4.1
Analysis of population trends	A-6	4.1
Analysis of household characteristics	A-6	4.1
Analysis of housing stock characteristics	A-10	4.2
Analysis of energy-conservation opportunities		Section 6.7 of the General Plan
Quantification of existing and projected housing needs for all income levels, and share of the regional housing need	A-30	5
Analysis of special housing needs	A-30	5.1
Inventory of land suitable for residential development	A-48	6.5
Analysis of governmental constraints	A-41	6.1
Analysis of nongovernmental constraints	A-44	6.2
Five-year housing program to achieve community housing goals and objectives		Section 6 of the General Plan

ment Program Policies, establishes guiding and implementing policies for housing, and identifies responsible agencies, quantified objectives and required City actions for implementing the housing program.

2.2 PUBLIC PARTICIPATION

A public meeting was scheduled for July 26, 1991 to gather input for the Housing Element. Written comments were also invited so that those unable to attend any meetings in person would have ample opportunity to comment. The City has announced the meetings in the Salinas Californian.. The City has also circulated copies of the draft Element to agencies and organizations which represent or serve people with special housing needs. The groups contacted included the League of Latin American Citizens, the League of Women Voters, the United Farm Workers' Union, California Rural Legal Assistance, the Alliance on Aging, the Center for Community Advocacy, the NAACP, the Affordable Housing Corp. of Monterey County, the Swinging Door, and Interim Inc.. In addition to this and any future public meetings on the Draft Housing Element, Planning Commission and City Council meetings will provide additional opportunities for public input on the draft Element.

3. REGIONAL CONTEXT

3.1 SALINAS' ROLE AS HOUSING PROVIDER IN THE REGION

As Monterey County's largest city, Salinas provides a variety of housing that serves a broad segment of its region's population. The city's agricultural base has influenced the composition of the population and the housing stock, which partly developed in response to the needs of relatively low wage earners. The Regional Housing Needs Plan, 1990, prepared by the Association of Monterey Bay Area Governments (AMBAG) reported that Salinas has 40 percent lower-income households as compared with the county proportion of 38 percent. Salinas has a lower percentage of overpayment by lower-income households than do Marina, Monterey, and Seaside, indicating a better match between household income and available housing.

Proximity to the Monterey Peninsula means that while some Salinas residents commute to jobs in various peninsula cities, a number of peninsula residents also commute to jobs in Salinas. The housing price structure in the county, as well as the distribution of employment, results generally in out-commuters holding the relatively low-paying peninsula jobs, and in-commuters holding professional and management jobs in Salinas.

The City's proximity to one of the state's most desirable residence locations, combined with a relatively affordable housing stock, favors the creation of jobs in Salinas. Salinas will be competing with Peninsula locations for job growth. AMBAG projects that County employment growth will approximate population growth through 2005, with employment increasing 23 percent during the period of 1990-2005, and population increasing by 24 percent. Two consequences for Salinas are evident: increased housing demand because of commuters to the peninsula; and the potential for population growth to exceed job growth in the Salinas Planning Area.

Activity at Ford Ord will also affect the Salinas housing market. On the base, as of 1990, there were 15,792 military jobs, 2,180 civilian jobs, housing for 15,466 in barracks and officers' quarters, and 5,850 family units. The base population has declined in the last five years and the number of military and civilian jobs has been reduced. At the same time, more than one thousand additional family units have been built on base, reducing the need for off-base housing in Salinas and surrounding Monterey Peninsula cities.

3.2 JOBS/HOUSING RELATIONSHIP

The State Legislature mandated consideration of jobs-housing balance in a 1981 amendment to the state planning law:

A city (or) county . . . shall designate and zone sufficient vacant land for residential use with appropriate standards, in relation to zoning for nonresidential use, and in relation to growth projections of the General Plan to meet housing needs as identified in the General Plan. (Gov. Code, Sec. 65913.1)

The Salinas General Plan provides space for housing allowing the number of employed residents to equal or to exceed the number of jobs in Salinas. In 1985, an average of 40,000 Salinas residents were employed and 4,500 (12 percent of the labor force) were unemployed. If unemployment were reduced to 8 percent when population reaches the 163,000 holding capacity of the General Plan, 77,000 jobs would be needed. The General Plan provides retail, office, and industrial space for more than this number of jobs.

In 1985, there were about 40,300 jobs in Salinas, so the number of in-commuters and out-commuters was nearly equal -- jobs and housing were in balance. The General Plan allows this condition to be maintained throughout the 20-year planning period. However, the slow rate of housing additions on the Monterey Peninsula and resulting high prices are likely to cause a larger net out-commute from Salinas. Salinas desires jobs-housing balance, but the prospect is that the number of employed residents will exceed the number of local jobs.

4. SETTING: POPULATION AND HOUSING STOCK

4.1 POPULATION CHARACTERISTICS

The most detailed information on Salinas' population is in the 1980 U.S. Census. However, the age of the census data limits its utility. Where possible, more recent data is included and the source cited. Current information was derived by updating census information as noted. Other data sources include information provided by the City, preliminary 1990 census data, the U.S. Department of Housing and Urban Development, the California Departments of Finance and Housing and Community Development, and Urban Decision Systems, a private-industry company that produces a forecast based on U.S. Census data.

With an April 1, 1990 population of 108,777 (U.S. Census, 1990) Salinas is Monterey County's largest city. Tables 2 and 3 compare the city and the county as a whole. With almost 30 percent of the county's residents, Salinas strongly influences the countywide data. Still, the tables show that Salinas differs from the county as a whole in relation to household size, percent of female-headed households, median income, and Hispanic population. Household size is larger in Salinas, a greater proportion of households are headed by women, the Hispanic population share is larger, and median income is slightly lower.

Salinas' future population will be determined by four major factors: the amount and type of housing available within the city; employment available in Salinas and its commute area; the availability, price and desirability of housing elsewhere in the commute area; and the demography of households migrating to Salinas or newly formed in the city.

Age and Household Composition

The City's relatively young population (in 1980, median 27.2 years vs. 29.9 in the state) is explained by the large number of young Hispanic families whose adult members work in agriculture, and by households associated with Fort Ord. The type of households in the City, and an annual growth rate of 3 percent between 1980 and 1990 explain why Salinas school districts have greatly increasing school enrollment at a time when many California districts are experiencing decline. Persons over 65 are slightly underrepresented in Salinas (9.1 percent of the population) compared with the state as a whole (10.2 percent).

Income

The 1979 median household income in Salinas (as reported in the 1980 Census) was $17,350, slightly lower than the Monterey County median of $17,700. Tables 2, 3, and 4 describe the income, household size, age, race and tenure characteristics of Salinas households. Information by subarea is presented where it is available (see Figure 1 for subarea delineation). Hispanic incomes, rents, and value of housing are lower than the City figures.

In 1988, the per capita income in Salinas was $9,390. Urban Decision Systems estimates that the 1990 per capita income in Salinas was $10,605 and that by 1995, the figure would be $12,577. The median household income in 1990 was estimated to be $26,714 while 1995 household income was projected to be $32,567.

TABLE 2
SALINAS POPULATION AND HOUSEHOLD CHARACTERISTICS

	1980 Census		1990 Census	
	Salinas	Monterey County	Salinas	Monterey County
Population	80,479	290,444	108,777	355,660
Households	26,857	95,734	33,360	112,965
Average Household Size	2.94	2.85	3.21	2.96
Female-Headed Households	3,160	9,179	9,155	27,992
Percent Households Headed by Females	12%	9%	27%	25%
Median Household Income	$17,352	$17,658	$37,341*	$38,000*
Percent Very-Low and Low Income Households	43%	39%	n/a	n/a
Population in Group Quarters	1,602	18,019	1,725	21,111

*Estimate based on Department of Housing and Community Development estimate Monterey County in 1990 and 1980 Census data.

Employment Trends

Countywide employment, averaging 140,400 in 1989, has increased an average 3.2 percent per year since 1984 and 2.7 percent since 1980, despite the loss of jobs through plant closures. There were 29,400 jobs in agriculture in 1989 (annual average) representing an annual growth rate of 4.6% since 1984.

As field-workers' incomes increased and many labor camps closed, the number of agricultural season and year-round agricultural workers living in Salinas has increased. Over the last 10 years, these changes have provided about half the support for Salinas' recent growth. The number of agricultural-season workers continues to significantly increase housing demand from May to November. The special housing needs of farm-worker households are discussed in Section 5.

The expected closure of Fort Ord will have an unknown impact on Salinas' employment and housing need.

Hispanic Population

The increasing Hispanic population in Salinas is largely a result of the trend toward agricultural workers occupying urban housing. However, while agricultural work was the principal cause of initial Hispanic entry into the area, the established Hispanic community in the city now includes many business-persons and professionals.

Between 1970 and 1980, Salinas residents who identified themselves as Hispanic increased from 21 to 38 percent, although the numbers are not exactly comparable because the 1970 Census used Spanish language or Spanish surname as identifiers rather than self-identification. By 1990, 51 percent of residents identified themselves as Hispanic.

In 1980, the city's population was 38 percent Hispanic, but only 28 percent of the households were Hispanic (Table 4). This is explained by the larger size of Hispanic households. Stable agricultural employment, continuing immigration from Mexico, lack of agricultural housing outside urban areas, job opportunities in the service and retail sectors, and a higher than average birth rate all point to more rapid growth continuing in the Hispanic population than in Salinas' population as a whole.

TABLE 3
POPULATION CHARACTERISTICS

	1980 Census		1990 Census				
	Salinas		Monterey County		Salinas		County
	Number	Percent	Number	Percent	Number	Percent	Percent
Age							
Under 5	7,651	10%	24,532	8%	11,124	10%	9%
5-14	13,151	16%	43,242	15%	18,949	17%	14%
15-19	7,414	9%	27,575	9%	8,344	8%	7%
20-24	8,533	11%	33,962	12%	9,791	9%	10%
25-44	22,455	28%	83,718	29%	36,437	34%	34%
45-64	13,937	17%	50,665	17%	15,084	14%	15%
65+	7,338	9%	26,750	9%	9,048	8%	10%
Total	80,479		290,444		108,777		
Race*							
White	50,478	63%	200,035	69%	59,343	55%	64%
Black	1,443	2%	18,825	6%	3,276	3%	6%
Native American	969	1%	2,927	1%	1,031	1%	1%
Asian & Pacific Islander	5,068	7%	19,696	7%	8,794	8%	8%
Other	21,981	27%	48,961	17%	36,333	33%	21%
Total	80,479		290,444		108,777		
Spanish Origin	30,655	37%	75,129	26%	55,084	51%	119,570

* The five U.S. Census race categories include persons of Spanish Origin.

4.2 EXISTING HOUSING STOCK

It would be difficult to describe a "typical" Salinas house. The diversity of the housing stock in terms of age and type means a wide range of housing values and opportunities for households of varying incomes and make-up. The city's growth has been steady since the 1940s: 13 percent (or 3,720) of units existing in 1980 were built in that decade, 19 percent (5,347 units) in the 1950s, 24 percent (6,767 units) in the 1960s, and 29 percent (4,738 units) in the 1970s. The growth trend has continued through the 1980s with the annexation of 1,700 acres in the North/East Area, and the development of the Rossi-Rico Area. During the 1980s, 6,327 units were added, representing 19 percent of all units existing.

Housing Cost

Among Salinas' greatest assets is the affordability of housing relative to the Monterey Bay Area, the San Francisco Bay Area, and the state as a whole. In 1990, the median sales price of single-family units in Salinas was $158,166 (Salinas Association of Realtors). Statewide, the median price of single-family units was $192,930 and the Monterey Bay Area median was $200,000 (California Association of Realtors).

Table 4

Population and Household Characteristics By City Area

	Population		Households		Average Household Size		% Owner-Occupied		% Overcrowded	
City Subarea	**Total**	**Hispanic**	**Total**	**% Hispanic**	**Total**	**Hispanic**	**Total**	**Hispanic**	**Total**	**Hispanic**
North Salinas	30,227	8,847	9,691	22%	3.1	4.2	59%	50%	10%	27%
East Salinas	25,801	15,969	7,791	49%	3.3	4.2	42%	26%	25%	45%
South Salinas	24,501	5,839	9,367	15%	2.6	3.5	51%	27%	7%	28%
City	80,479	30,655	26,857	28%	2.9	4.0	51%	33%	13%	37%

Household Characteristics	Overall	Hispanic
Median Income	$17,300	$14,600
Median Rent	$242	$235
Median Value of Owner-Occupied Housing	$74,200	$67,800

Source: U.S. Census, 1980- Detailed 1990 Census data not available

Housing costs in Salinas, as elsewhere in the state, have been increasing steadily. The Association of Realtors' average sale price by year was: 1985, $106,500; 1986, $120,000, 1987, 130,000; 1988, $147,500; 1989, $149,650; and 1990, $158,166. The affordability analysis in Section 4.3 relates the cost of housing to the ability of Salinas households to pay.

Table 6 shows the cost components for a good quality construction, infill multi-family development at a density of about 23 units an acre. Construction and land costs make up 69 percent of costs; development fees account for another 9 percent.

The cost components for single-family construction are shown in Table 7. Land, construction and improvement costs account for 79 percent of the sales price. The price range in this example is just out of the affordability range for a four-person moderate-income household.

Rental costs are more difficult to document than home-ownership costs. Advertised rents for apartments listed in the Salinas Californian from February through April 1991 ranged in average from $417 for studio units to $705 for three-bedroom apartments (Table 8). Housing Authority staff reports that households with Section 8 certificates generally do not have difficulty finding units in Salinas within the fair-market rent guidelines of $536 for one-bedroom, and $629 for two-bedroom units.

The tables show that both for-sale and rental housing prices are consistently lowest in East Salinas and highest in South Salinas. Median advertised rents are approximately 18.1 percent lower in East Salinas than in South Salinas. The differential in purchase price is greater, with the South Salinas median sale price (shown in Table 5) exceeding the East Salinas figure by 28.4 percent. North Salinas housing prices typically are between those of the other two areas. The boundaries of East, North, and South Salinas are shown in Figure 1: Area Boundaries.

TABLE 5

MEDIAN SALE PRICE OF SINGLE-FAMILY UNITS BASED ON MULTIPLE LISTINGS
Salinas City Areas, Monterey Bay Area, Statewide

City Areas January - December 1990	
North	$157,000
East	132,500
South	185,000
City	158,166
Monterey Bay Area 1990	200,000
State of California 1990	192,930

Source: Salinas Association of Realtors, California Association of Realtors.

TABLE 6

COST COMPONENTS OF MULTI-FAMILY DEVELOPMENT (1991)

(Two-bedroom, One-bathroom, 800-square-foot Unit)			Percent of Total Cost
Land	$234,000.00/ac.	$13,000	17%
On-site Improvements	$5.25/sq.ft.	4,200	5%
Construction	$50.00/sq.ft.	40,000	51%
Architecture & Engineering	$1.75/sq.ft.	1,400	2%
Personal Property (Carpets, drapes, cabinets)	n/a	6,500	8%
Other Soft Costs	n/a	6,500	8%
Development Fees	n/a	6,679	9%
TOTAL COST		**$78,279**	**100%**

Note: Based on typical costs with data supplied by developers. Assumes development at 18 units to the acre.

TABLE 7

COMPONENTS OF SINGLE FAMILY DETACHED HOME DEVELOPMENT COST (1991)

(Three-Bedroom, Two-Bathroom, 1,500-square-foot Unit)

		Percent of Sales Price
Land Cost	$36,400	23%
Construction Cost	71,200	46%
Improvements (curbs, gutters, utilities)	15,000	10%
Development Fees	9,400	6%
Financing, Profit and Soft Costs	15,000	10%
Warranty/Contingency	8,000	5%
Sales Price	155,000	100%

Note: Assumes development at 8 units per acre. Based on typical single-family subdivision;

Unit Type, Tenure and Density

Unit Type. In the last five years, the proportion of single-family detached houses in Salinas has decreased from 55 to 53 percent of the City's total housing stock. However, the total number of single-family units has increased by 2,070 or 12 percent during that time.

Increases in the proportion of apartments were most dramatic in the early 1980's. The trend away from single-family to multi-family housing continues, but at a slower pace. The proportion of apartments increased from 34 percent to 36 percent of the total housing stock between 1985 and 1990. The number of condominiums has increased in absolute numbers but its share of the total housing stock has actually declined from four percent to three percent.

TABLE 8

SURVEY OF ADVERTISED RENTS BY CITY AREA

February-April 1991

(Number of listings shown in parenthesis)

	APARTMENTS				SINGLE FAMILY DETATCHED			
	Studio	One Bedroom	Two Bedroom	Three Bedroom	One Bedroom	Two Bedrooms	Three Bedrooms	Four or more Bedrooms
Mean Rents								
North	$423 (9)	$500 (51)	$582 (13)	$778 (4)	$800 (1)	$776 (15)	$911 (45)	$994 (8)
East	$350 (1)	$449 (7)	$524 (19)	$634 (5)	$548 (3)	$674 (7)	$810 (7)	$795 (2)
South	$418 (19)	$492 (38)	$613 (29)	$735 (2)	$595 (1)	$848 (9)	$1,028 (34)	$1,218 (11)
Citywide	$417 (29)	$488 (96)	$578 (61)	$705 (11)	$560 (5)	$774 (31)	$949 (86)	$1,085 (21)
Median Rents								
North	$420	$500	$550	$775	$800	$775	$885	$950
East	$350	$450	$525	$625	$500	$695	$850	$725
South	$425	$490	$595	$735	$595	$725	$990	$1,200
Citywide	$420	$495	$550	$720	$595	$750	$900	$1,000

Source: _Salinas Californian_ classified advertisements, selected issues, February, March, April 1991;

Though the proportional share of the various unit types has fluctuated over the last five years, all housing unit types, with the exception of mobile homes, have increased in absolute numbers. The number of mobile homes has actually declined slightly over the years. In 1986, there were 1,289 mobile homes in Salinas; today there are 1,281.

The Salinas General Plan requires the following mix of development in Conditional Growth Areas: 55 percent low density (single-family detached), 10 percent medium density and 35 percent high density (apartments). Additions in infill areas would be a higher proportion multifamily.

Tenure. Tenure refers to housing occupancy by owner or renter. While housing type often reflects tenure, the divisions are not clear-cut. Condominium units, while in separate ownership, unlike traditional apartments, are often bought as an investment and then rented. Single-family detached units also are an important part of the rental stock.

TABLE 9

DWELLING UNITS BY TYPE - CITYWIDE

1985-1990

Unit Type	1985 Units	% of Total	1990 Units	% of Total	% Change
Single-Family Detached	16,549	55	17,671	53	7
Single-Family Attached	902	3	1,043	3	16
Apartment	10,140	34	12,053	36	19
Condominium	1,067	4	1,073	3	1
Mobile Home	1,330	4	1,281	4	-4
Total	29,988	100	33,121	100	10

Source: Salinas Community Development Department

The 1990 Census reported that citywide, 55 percent of all occupied housing units were renter-occupied. Among single-family units in Salinas, 64% were owner-occupied. Of the duplex, triplex and apartment units, only 5 percent were owner-occupied. The rate of ownership was highest among residents of mobile homes; 85 percent were owner occupied.

The availability for rental of single-family units, which are generally larger than apartments, is particularly important because of the limited number of large apartments. Single-family rental units provide households that cannot purchase a house the opportunity to live in units with more indoor and outdoor space as compared to apartments.

Density. While housing type reflects density of development, similar types can be built at greatly varying densities. Single-family zoning districts require lot area ranging from 5,500 to 20,000 square feet (7.9 to 2.2 units per net acre). Typical built densities for all types of units are eight to 11 units per gross acre in East Salinas, and five units per gross acre in South Salinas.

Permitted densities in the different apartment zoning districts vary depending on parcel size. Maximum density is one unit per each 1,250 square feet of lot area (35 per net acre) on parcels one acre or larger. Before new standards for the R-3 District were adopted in 1986, the ordinance established no maximum density, resulting in two- and three-story projects with up to 40 units per acre. Density bonuses in the R-3 District are offered

to projects that provide private outdoor and indoor recreational space. Additionally, state law requires awarding density bonuses for providing units affordable to low- and moderate-income households. Density bonuses are discussed in Section 6.

Preservation of historic character in the Central City would limit the ability to achieve the higher residential densities encouraged by the Plan. Bulk would have to be restricted in order to preserve the historic character of the area.

TABLE 10

CITY AREA DWELLING UNIT SHARES BY TYPE --- 1985 AND 1990

	DECEMBER 1985		DECEMBER 1990		CHANGE 1985-90	
City Area Dwelling Unit Type	Units	Percent of Area Total	Units	Percent of Area Total	Units	Percent of Units Added
North						
Single-Family Detached	5,587	49.2	6,381	48.3	794	14.2
Single-Family Attached	823	7.3	830	6.3	7	0.9
Apartments	3,388	29.9	4,304	32.6	916	2.7
Condominiums	785	6.9	977	7.4	192	2.4
Mobile Homes	762	6.7	713	5.4	-49	-6.5
Total	11,345	100	13,205	100	1,860	100
East						
Single-Family Detached	4,463	53.7	4,467	51.6	4	0.1
Single-Family Attached	52	0.6	78	0.9	2	50
Apartments	3,301	39.7	3,627	41.9	326	9.9
Condominiums	62	0.7	62	0.7	0	0
Mobile Homes	429	5.2	429	5.0	0	0
Total	8,307	100	8,663	100	356	100
South						
Single-Family Detached	6,499	62.9	6,823	59.0	324	5.0
Single-Family Attached	27	0.3	135	1.2	108	500
Apartments	3,451	33.9	4,121	35.7	671	19
Condominiums	220	2.1	341	2.9	121	55
Mobile Homes	139	1.3	139	1.2	0	100
Citywide Total	29,988	100	33,428	100	3,440	100

Source: City of Salinas, Community Development Department, Housing Inventory

Condition of Housing

A systematic field survey of housing conditions has not been conducted since 1975. At that time, 26 percent of North Salinas units, 44 percent of East Salinas units, and 25 percent of South Salinas units were found to be substandard (with one or more major defects) or requiring maintenance (showing minor signs of blight). The 1975survey by the City of Salinas Community Development Department identified several areas where there were concentrations of houses with outward signs of structural defects. These areas included:

- The area east and west of Main Street, north of the Boronda/101 interchange (Old Santa Rita);

- The area around California Street, north of John Street;

- The area bounded by East Alisal Street, North Sanborn Road, Terrace Street, and Highway 101 (Hebron heights);

- The area bounded by East Alisal Street, Wood Street, James Street, and South Madeira Street;

- Portions of the area in East Salinas north of Williams Road and north of Laurel.

A new Housing Condition Survey commenced on June 17, 1991. Since 1977, Community Development Block Grant (CDBG) funds and other state and federal monies have been expended for rehabilitation and, in some cases, replacement of substandard units. However, much remains to be done to bring all housing up to acceptable standards. The main target area for using CDBG funds has been Hebbron Heights.

The City is addressing the problem of substandard housing through its Housing Services Program that provides rehabilitation loans and inspection services. The City does not have a systematic code enforcement program, but operates in response to complaints.

The condition of housing is still an issue in Salinas. At community meetings on the General Plan and in other forums, residents of East Salinas, in particular, have expressed concerns about the condition of housing in their neighborhood. Issues identified include appearance and safety concerns relating to quality of construction, building maintenance, and up-keep of outdoor areas.

The City Council's goals for Fiscal year 1991-92 unanimously included rehabilitation of substandard neighborhoods.

Public, Subsidized, and Nonprofit Housing

There are four major types of subsidized housing in Salinas (itemized in Table 11): conventional public housing (rental); nonprofit-operated units; units in projects financed by mortgage revenue bonds; and units rented by households with HUD Section 8 assistance these are itemized in Table 11. Taken together, these provide over 2,600 housing units affordable to low- and very-low-income households -- those earning 80 percent or below of area median income. This represents eight percent of the city's existing housing stock.

Conventional Public Housing. The Housing Authority of the County of Monterey (HACM) owns and operates 582 units of public housing at 11 locations in Salinas. Units built since 1981 are all occupied by very-low-income households, those receiving less than 50 percent of median income for Monterey County (see Table 13). Older Housing Authority units are rented to either very-low-income or low-income (earning 50-80 percent of area median) households. Rent charged is 30 percent of the renting household's monthly income.

Nonprofit-Operated Units. CHISPA (Community Housing Improvement Systems and Planning Association Inc.) is a locally based nonprofit organization that develops and operates housing for low- and moderate-income households in Salinas and elsewhere in Monterey County. Community Development Block Grant funds, together with other federal, state and local monies, have enabled CHISPA to develop four projects in the Hebbron Heights neighborhood since 1982. Three of these, two limited equity co-ops and one rental project, house

158 low-income households. Rents are 25 to 30 percent of household income. The fourth project, La Terraza, consists of 30 owner-occupied townhouses for moderate-income households.

Interim, Inc. (a private non-profit) also plays a role in the provision of housing within the community. Interim's client population is made up of persons who have experienced serious, chronic psychiatric or mental health problems; typically, clients are low income and in need of a variety of housing options. While much of their work concerns social rehabilitation and transitional housing, Interim also works to provide permanent housing units. Since 1987, Interim has developed or acquired three such facilities (representing 24 units in Salinas).

Tax-Exempt Mortgage Revenue Bonds. Federal and State law proviodes for the use of tax-exempt mortgage revenue bonds to finance the construction of rental units when a portion of the units are set aside for lower income households.

The City, the Salinas Redevelopment Agency, and the Housing Authority of the County of Monterey have each issued bonds to finance the construction of multi-family rental housing within Salinas. From 1982 through 1987, nine multi-family projects were developed using tax exempt mortgage revenue bonds. In total, 1,104 units were built, with one-third (373) of the units set aside for low- or very-low- income households. An additional fifty units were financed using proceeds from tax exempt State bonds.

In April of 1989, the City sold $12.5 million weorth of mortgage revenue bonds to finance Villa Serra, a 150-unit congregate care housing facility for senior citizens. Thirty units (20%) were set aside - until 2005 - for elderly households with incomes not exceeding 80% of the median. Future tax-exempt mortgage revenue bond activity will require the extension of Congressional authority, which will otherwise expire in 1991.

TABLE 11

ASSISTED HOUSING IN SALINAS, May 1991

Type	Units
Conventional Public Housing (rental)	582
Nonprofit Operated Units (rental or co-op)	182
Units in Projects Financed with Mortgage-Revenue Bonds (rental)	218
Senior Housing Financed with Tax-Exempt Bonds (rental)	130
Single-Family Units Financed through the California Home Ownership Assistance Program	26
Units Rented by Households with Section 8 Certificates and Vouchers	1,470
TOTAL	2,608

Section 8 Certificates. In addition to operating public housing, HACM administers the U.S. HUD Section 8 Certificate program. Unlike the programs described above, the Section 8 Certificate program assists specific households, rather than subsidizing housing units. Households that qualify for and receive Section 8 certificates may seek housing anywhere in the county. Any unit available at a rent within the specified guidelines (see below), with an owner willing to enter into a contract with the Housing Authority, can be occupied by a Section 8 household.

Section 8 households pay 30 percent of their monthly income in rent. Under contract with the owner, the Housing Authority pays the difference between 30 percent of the renter's income and the fair-market rent charged for the unit. Low- and very-low-income households are eligible for Section 8 assistance. Of the 1,299 Salinas households using Section 8 certificates as of May 1991, 89 percent were very-low-income and the remainder were low-income; the average rent payment was $240.

Table 12
SECTION 8 RENT LIMITS (all utilities paid by property owner)

1991

	Number of Bedrooms				
	0	1	2	3	4
Monthly Contract Rent	$441	$536	$629	$789	$884

Section 8 Vouchers. The Section 8 voucher program is also operating in Salinas. There were 192 voucher holders with units in the city in May 1991. Unlike the certificate program, there are no ceilings on rents for this program. The tenant is responsible for paying the difference between the payment standard and the actual rent, and the Housing Authority pays the difference between 30 percent of the renter's income and the fair-market rent for the unit. Only very-low-income households are eligible for vouchers.

Assisted Housing Eligible to Revert to Market Rate. State Housing Element law requires that jurisdictions quantify their publically assisted housing units that are eligible to revert to market rate, and to make efforts to retain such units as affordable housing. In Salinas there are curently 79 subsidized units that have recently become eligible for conversion to market rate. There are 17 units in the Del Monte Townhouses development that became eligible for conversion in June, 1991. There are 62 units in the Plaza Apartment complex that became eligible for conversion to market rate in December, 1989. However, the Plaza Apartments have applied for an extension of publically assisted status. There are 100 units in the Steinbeck Commons and 75 units in Las Casas de Madera that will become eligible for conversion to market rate in the year 2003.

4.3 AFFORDABILITY

The concept of affordability relates household income to housing cost. Neither factor, independent of the other, provides a complete view of how the housing market operates to serve low- and very-low-income households. (Very-low-income households are those receiving 50 percent of the county median; low-income households receive 50 through 80 percent; moderate-income households receive between 80 and 120 percent; above moderate-income households receive above 120 percent of county median income) In Salinas, the concept of affordability and of the difference between market-rate and non-market-rate units is somewhat blurred because of the way housing units are actually used. In order to find housing they can afford, many individuals and families are forced to share units designed for a single household. While this may result in households living in what is technically "affordable housing" in relation to the above definitions, it is not an adequate way to satisfy the need for below-market-rate units. In the Housing Element, "affordable" refers to units that are generally within the payment capabilities of low- and very-low-income households without overcrowding.

The affordability analysis is based on a median income for Monterey County which is used to develop income limits for housing-assistance programs. The Monterey County figures are useful because they are available for households of different sizes, unlike other income data. In 1980, the median income for Salinas households, as reported by the census, was 98 percent of that reported for Monterey County, so use of the County data is assumed to fairly represent the Salinas population.

Salinas may, however, have a different distribution of incomes than the county as a whole. The City has a higher proportion of agricultural workers than does the county and, therefore, a higher proportion of seasonal workers. Figures from a Housing Authority of the County of Monterey survey of seasonal workers at the Chualar and Castroville Farm Labor Camps in 1984 shows a median household income from $17,500 to $19,600 compared to a 1985 Salinas median household income of $23,057 estimated by Urban Decision Systems.

Tables 13 and 14 present affordability analyses for very-low-, low-, and moderate-income households. When compared to information on house-purchase costs and rentals (Tables 5 and 8), it can be seen that while households earning less than 50 percent of the county median have insufficient income to pay for almost all market-rate units, those technically defined as having low and moderate incomes may be able to find some smaller units within their price range, particularly if they can afford a 20 percent down payment. The higher repayment required with a 10 percent down payment makes most units unaffordable.

Rents reported in Table 8 were surveyed in the months of February, March, and April, 1991. Recent large-scale apartment construction, with several large projects renting for the first time, as well as bonuses and incentives offered for new renters, suggest that reported rents are relatively low, with supply exceeding demand. While there appears to be an abundant supply of small units (studios and one- and two-bedroom units) the same does not apply to three- and four bedroom units. In some cases, waiting lists are kept for these larger units, which, according to several apartment managers, rarely become vacant.

Median rents are generally close to the affordable limits for low-income households, taking size into account. Renter households earning 100 percent or more of median income have a wide choice in the rental market.

Table 14 shows 1980 Census data on overpayment. With rising housing costs, expectations have changed regarding the amount of household income appropriately spent on housing. Formerly, 25 percent of income was considered appropriate; many programs and financial institutions now assume 30 percent to be affordable. Clearly, as household income increases, so does the ability to spend a greater proportion on housing. It can be seen that over half the households earning less than $20,000 (about 113 percent of the 1980 County median income) paid more than 30 percent of their income for housing, indicating overpayment by accepted standards. AMBAG's analysis of the census data indicates that 61.2 percent of lower income Salinas households were paying in excess of 25 percent of their income for housing (Regional Housing Needs Report, 1980-1990). Overall, 27.6 percent of households were overpaying for housing (more than 25% of income) in 1980. In 1990 an identical percentage would represent a total of 9,214 households overpaying for housing.

The ability to purchase housing is not only a function of income, but of existing equity as well. Although on a fixed income, retired persons often own homes. Thus, their income may not reflect their ability to obtain housing. Households with equity in a home have considerably more housing choices than households with similar incomes seeking to purchase a home for the first time. The needs analysis in Section 5 seeks to identify those households that are actually seeking new housing by reporting on indicators of immediate housing need.

TABLE 13
HOUSING AFFORDABILITY ANALYSIS
MODERATE- AND LOW-INCOME HOUSEHOLDS, 1991

Household Income Level[a]	Annual Income	Maximum Affordable Rent[b]	Maximum Affordable Purchase Price[c]	
			With 10% Down Payment	With 20% Down Payment
50 percent of county median	$19,000	$475	$51,988	$58,486
80 percent of county median	$30,400	$760	$83,061	$93,444
100 percent of county median	$38,000	$950	$103,854	$116,836
120 percent of county median	$45,600	$1,140	$124,626	$140,204

a. Assumes four-person household.

b. Assumes 30 percent of income available for housing cost.

c. Approximate purchase price; Assumes 30 percent of income available for housing cost, 10 percent of which goes to taxes, insurance and utilities; 30 year fixed-rate loan at 10.5 percent interest; down payment as specified. Loan origination fees (points), title insurance, and other closing costs could add an additional 3 percent to the down payment and effectively lower the affordable purchase threshold.

Source: Income data from California Department of Housing and Community Development

TABLE 14

SALINAS HOUSING PAYMENTS COMPARED TO ABILITY TO PAY, 1979

	Household Income Less than $20,000[a]	More than $20,000	House-holds	Percent of Households
Percentage of Income Paid as Gross Rent for Renter-Occupied Units				
Less than 25%	2,828	2,746	5,574	45
25 - 29%	1,417	214	1,631	13
30% and more	5,173	30	5,203	42
Total Renter-Occupied Units	9,418	2,990	12,408	100
Percentage of Income Paid as Homeowner Cost for Owner-Occupied Units				
Less than 25%	2,293	5,775	8,068	72
25 - 29%	417	480	897	8
30% and more	1,475	750	2,225	20
Total Homeowner units	4,185	7,005	11,190	100
Total Occupied Units				
Less than 25%	5,121	8,521	13,642	58
25 - 29%	1,834	694	2,528	11
30% and more	6,648	780	7,428	31
Total Occupied Units	13,603	9,995	23,598[b]	100

[a]. A household income of $20,000 in 1979 represented approximately 115 percent of the county median household income, or the high end of "moderate income."

[b]. Households reporting income and housing costs only.

5. HOUSING NEED

The Housing Element focuses on housing needs that are unmet by the housing market. These are primarily low- and very-low-income households in Salinas, who earn 80 percent or less of county median income. In many California communities, the market is not producing for-sale or rental units affordable by even moderate-income households. In Salinas, the match between income and housing cost is closer for most households than in many places in the state. While it can be assumed above-moderate-income households are able to participate in both the ownership and rental markets in Salinas, there appears to be a shortage of units acceptable to the high end of the market.

This section of the Housing Element evaluates three components of housing need. First is a discussion of the special needs of persons whose choices are limited by factors in addition to income: large households, elderly persons, persons with disabling conditions, seasonal residents, and persons in need of emergency shelter. The following section analyzes immediate need, which examines indicators of the number of low- and moderate-income households actively seeking new housing or living in overcrowded conditions. The final portion is a quantification of housing needs by income group for 1991-96. The Housing Element Policies Program described in Section 6 of the General Plan is designed to meet described needs to the greatest extent possible.

The Regional Housing Needs Plan, 1989-96, was prepared by the Association of Monterey Bay Area Governments (AMBAG) and is designed to be consistent with the requirements of state law. The report, adopted in 1990, projects by income grouping the housing needs for each jurisdiction in the region. As required by state law, the Housing Element's analysis of existing and projected need must include Salinas' share of regional need as described by AMBAG. AMBAG's distribution of households is analyzed in Section 5.3.

5.1 SPECIAL NEEDS

For some types of households, limited income is not the only obstacle to finding adequate housing. Finding units of adequate size, location and design is especially difficult for large households, seasonal workers, senior citizens, disabled persons and persons in need of emergency shelter.

Large households

Interviews with housing providers suggest that the most significant housing need is for large units, especially for lower-income households. Large families, as identified by HAP, comprise 15 percent of very-low-income and 11 percent of low-income households in need of assistance. Census data from 1980 indicate that more than 40 percent of the city's large households live in overcrowded conditions. The 1990 census reports that there are now 7,097 large households in Salinas. An estimated 2,839 of those households live in overcrowded conditions.

Housing Authority staff report that holders of Section 8 certificates have the hardest time finding three-bedroom units, and the number of certificates issued is limited to reflect the small supply. Large units are identified as the greatest need for new public housing, and there seems to be little chance of meeting the needs of households already waiting.

Nonprofit housing sponsors, with City assistance, have been addressing the need for larger units. CHISPA's four projects (188 units) include 134 units of three or more bedrooms. Since 1982 the Housing Authority of the County of Monterey has completed three new public-housing projects, totaling 105 units. An additional 50 units of low-income housing were built with HCD financing and are managed by the Housing Authority. Of these four latter projects, 27 percent of the units are three-bedroom or more. Within the area of housing rehabilitation, the City gives priority to Rental Rehabilitation Program (RRP) projects containing three- and four-bedroom units. To date, 20 percent of the RRP units undergoing rehabilitation have been three-bedroom units.

Rentals of single-family detached units are important in providing lower-cost large units. Although the monthly cost may exceed the payment capability (30 percent of income) of low-income households, single-family rentals are available to many households that can pay the monthly cost but do not have adequate savings or equity in an existing house which would allow them to purchase a home. Even for moderate-income households, large units are very difficult to find. Rentals are most frequently one- and two-bedroom units, and small units are generally more profitable for developers. One factor that may increase the developer's bias to building smaller units is the developer fees based on number of bedrooms in new units. This is discussed in Section 6.2 of Housing Element Program policies..

One option available to developers to qualify projects for City mortgage-revenue-bond financing is to provide either 10 percent of the units with four bedrooms or 20 percent with three bedrooms. To date, no projects have been built using this option. This indicates the reluctance of private developers to build housing for larger

families. This reluctance is often defended by developers on the basis of lower rent income per square foot and perceived higher maintenance costs.

Farmworker Households

Each year beginning in April and continuing through the summer, Salinas experiences an influx of migrant farmworkers. An already low vacancy rate has resulted in families doubling up, informal conversion of single-family homes to rooming houses, and illegal occupancy of garages, sheds, and travel trailers. The seasonal population includes both single men and families.

The number of persons working in agriculture and the number of agricultural workers living in Salinas, varies throughout the year. The City's Housing Assistance Plan (HAP) estimates 1,200 migrant agricultural workers come to Salinas annually. While it is not known how many households this represents, the number is significant enough to markedly influence vacancy rates and overcrowding, as well as school enrollment, on a seasonal basis.

The agricultural season is generally defined as May to October. Countywide agricultural employment in 1989, as reported by the State Employment Development Department (EDD), reached a high of 38,100 in September, and a low of 16,400 in January. On an annual basis, 20 percent of all employment within the Salinas area is directly involved in agriculture. An additional 6 percent of Salinas employees are involved in agricultural transportation and food processing. County unemployment in 1989 was at a high of 13.3 percent in January and a low of 5.4 percent in August. The high unemployment rates for the winter months indicate a population of seasonal workers who stay in Salinas year-round.

Employer-sponsored housing formerly provided for a significant proportion of farmworker-housing needs. However, the number of employer-sponsored units has declined in recent years. There are several reasons for this trend. First, employers in increasing numbers were being cited for health-code violations following reports on migrant housing by advocacy groups and the County Growth Management Task Force. Rather than make costly improvements, many farmers ceased renting their units. Second, the increased mechanization of agriculture has led to an oversupply of agricultural workers in some categories, so the employers do not have to provide housing in order to attract workers. Third, crops such as grapes, strawberries and cut flowers are growing in popularity in the Salinas Valley, and such crops require a year-round labor supply. The City employs the Monterey County Health Department to license and inspect labor camps within the city limits. This regulation is intended to ensure that such housing meets minimum standards of health and safety.

With a more stable, year-round agricultural labor force, there is a greater need for permanent housing. Availability of subsidized housing increases the stability of farmworker households. Many households on the public-housing waiting list are agricultural workers likely to remain in Salinas year-round if adequate affordable housing were available. The shortage of affordable units for seasonal and year-round agricultural workers results in individuals and families living in overcrowded and substandard conditions -- in cars, garages,motel units, or units already occupied by other families. Assessing the housing needs of migrant populations is particularly difficult because of the lack of information about household characteristics and migration patterns. The census, which is the most comprehensive and systematic source of population and housing information, is taken on April 1, before the agricultural season begins.

Migrant farmworkers have special difficulties in finding suitable housing because of transient occupancy and scarcity of units with three or four bedrooms. Figures maintained by the County Office of Education indicate that in June 1991, there were 5,764 children enrolled in city school districts who were members of migrant families. Employing a rough rule of three children per household yields 1,921 migrant families residing in Salinas. The only formal migrant-labor housing in the city are farm-labor camps sponsored by employers, and many of these do not accept families. Neither the Housing Authority nor local nonprofit housing developers, such as CHISPA, have built units for the migrant farm-labor population in Salinas.

Since 1982, the following projects for non-migrant farmworkers have been built in Salinas:

- Loma El Paraiso - 43 units completed by CHISPA in 1984; 75 percent are three or four bedrooms; all are reserved for farmworker households.

- Housing Authority (two sites) - 57 units completed in 1987; all are reserved for farmworker households.

Municipal solutions to the farmworker housing problems are limited by both local resources and local authority. In the latter regard, for example, while a density bonus program may serve farmworker households who are low income, it does not lend itself to being restricted to farmworker units.

Single-Parent Families

Most single-parent families with children are headed by women. This type of household falls into the special needs category by virtue of the fact that they have the lowest average family income and can therefore least afford suitable housing. Single-parent families headed by men may also experience difficulty in finding affordable housing.

According to the 1990 Census, there were 4,729 single-parent families headed by women in Salinas, accounting for 14.2% of all households in the City. There were also 1,754 single-parent families headed by men. Overall, there were 6,483 single-parent families in Salinas in 1990, accounting for 19.5% of all households in the City.

Senior Citizens

Senior citizens are identified as a population in need of special housing because of physical constraints as well as limited incomes. Small units in proximity to services and transportation facilities are desirable for seniors.

The 1980 federal census revealed that 4,400 Salinas households (16 percent) were headed by someone aged 65 or over 21 percent of all homeowners were over 65 as were 11 percent of all rental households. The 1990 Census indicates that 12,326 senior citizens live in Salinas, accounting for 11% of the general population. The Housing Assistance Plan (HAP) reports that approximately 2,900 senior citizens in Salinas have incomes lower than 50 percent of median. Not all these individuals are in need of affordable housing, however, since some live with families, and others own homes or occupy subsidized units.

Steinbeck Commons, an affordable senior-housing project occupied in early 1982, was constructed as a Section 8 project for very-low-income households. There are currently no vacancies in the 100 units for persons 62 and older and there is a two year waiting list as of June 1991. Site acquisition and construction of Steinbeck Commons was assisted by the City. Additionally, a 150-unit senior project, sponsored by the Catholic Diocese of Monterey County, was built in 1990. Twenty percent of its units are reserved for low-income senior households.

Census statistics indicate one in four elderly persons lives alone. The City of Salinas designed and implemented a senior Shared Housing Project to facilitate greater use of existing housing while providing a means for seniors to remain in their homes. The project is now managed by The Alliance on Aging.

Many elderly persons have fixed incomes that make it difficult to qualify for conventional home-repair loans. Where more substantial repair is necessary, deferred payment rehabilitation loans are available for seniors. Up to $45,000 is lent; repayment is not required until sale or transfer of title. These loans allow seniors to make repairs and remain in their homes without reducing their monthly disposable income.

Persons in Need of Emergency Housing

Homeless persons, victims of abuse, and other individuals represent housing needs which are not being met by the traditional housing stock. These persons require temporary housing and assistance at little or no cost to the recipient.In 1989, A Study of Homelessness in Monterey County was prepared for Housing for the Homeless, Inc., with funding provided by Monterey County. The study estimated that between 1,300 and 2,200 homeless

adults are within the county at any given time. In addition to the homeless adults, the study concluded that there are between 370 and 630 homeless children. Using data from the homeless study, the Monterey County Homeless Task Force estimated that between 614 and 1,038 homeless persons reside in Salinas. Clearly, the need for emergency shelter and housing assistance is an increasingly important one, which needs to be addressed at local, as well as state and federal levels.

Shelter, food and social services for the homeless and those in need of emergency shelter are currently located in downtown Salinas. The Victory Mission has 47 beds for single men only, while the Domestic Crisis Service provides 35 beds for women with children. The Family Emergency Shelter provides interim shelter for families only, and has 35 beds. Each of these shelters is full during fall, winter and spring and routinely turn away people. In summer, demand is lower and the Family Shelter operates at about 50 percent capacity. Other programs such as The Community Human Services Project and The Interim Crisis Shelter provide for the special shelter needs of teenagers and persons who are homeless because of a mental health crisis.

Two day centers provide food and shelter during daylight hours. The Swinging Door serves 200 persons daily with showers, coffee, and limited food and referral services. While designed to serve the indigent, it also serves low-income residents. The majority served are single men. Dorothy's Kitchen, operated by a Catholic relief organization, provides free lunches six days a week. Those served include families as well as singles.

Despite the provisions for shelter for the homeless, it is clear that current efforts are not enough. Plan policies support efforts to provide additional emergency shelters and housing for the homeless. The Central City residential land use designation, as well as allowing conventional high-density housing, also allows single room occupancy hotels and shelters for the homeless.

In addition to efforts to house the homeless, the City needs to prevent the occurrence of homelessness. Conflict Resolution and Mediation Services, funded by the City of Salinas, attempts to prevent the incidence of homelessness by resolving tenant/landlord disputes, thereby avoiding evictions. Other homeless prevention services available in Monterey County include information, referral, and legal services, utility assistance programs, rent deposit guarantees, and a pilot program in eviction prevention that provides direct financial assistance to prevent imminent eviction.

The City provides funding tothe Swinging Door. The Swinging Door is sponsored by the Downtown Social Service Board, a Joint Powers Agency formed by the City and the County to address problems facing the indigent within Salinas. The City and Redevelopment Agency have provided an average of $92,000 in annual appropriations for the Downtown Social Service Board (DSSB). To date, the DSSB has provided daytime shelter services (Swinging Door), produced a fund-raising videotape on the plight of the homeless, and is purchasing a site for a shelter.

Persons with Disabilities

Another area where accurate statistics do not exist is the number of disabled or handicapped residents with special housing needs. The 1980 census shows 717 (or 1.4 percent) persons between 16 and 64 with work and public-transportation disabilities, and 658 persons (1.3 percent) with work disability only. Applying the 1980 percentgage to the 1990 population indicates that the city has approximately 953 persons with work and transportation disabilities, and 885 persons with a work disability only. Although disabled persons are discussed as a separate group with special housing needs, many of these persons are also elderly. Units designed for senior citizens are appropriate for many disabled persons.

In 1982, the City broadened its housing rehabilitation loan program to make handicap accessibility an eligible rehabilitation item. Only three households have taken advantage of this program.

The City's Multifamily Bond Program requires projects to qualify by addressing a housing need as identified in the 1988 Housing Element. One option is to provide 5 percent of units equipped and designed for the physically handicapped. In the two projects that were built under this option, a total of 21 units were so provided. In both cases, the rental managers report that they were unable to locate sufficient handicapped tenants despite

vigorous outreach, including numerous newspaper ads and contact with 20 groups involved with the physically disabled.

5.2 IMMEDIATE NEED

Indicators that reflect the availability of housing, the number of people actively seeking housing or living in overcrowded housing are the best measures of immediate need. Overpayment is not considered an indicator of immediate need. It reflects generally accepted standards rather than actual demand for housing in the short term as is illustrated by the factors discussed below.

Housing Element and Fair Share numbers reflect frequency of overpayment and number of low-income households, but not actual unmet demand. While the affordability analysis included in Section 4.3 draws conclusions relating to housing need based on the relationship between payment capability and housing cost, it does not reflect the fact that many households are living in units that they could not afford to purchase based on current earnings. An indication of the number of persons actively seeking affordable units is given by the status of waiting lists for conventional public housing, Section 8 units, and affordable units at CHISPA projects.

Vacancy Rates

The overall vacancy rate for all unit types citywide, both new and resale, was reported in the 1990 Census to be 3.7 percent, considerably lower than the rate reported for the Salinas-Seaside-Monterey area of 7.3 percent. This rate is relatively high when compared to historic rates during the period 1978 to 1985. The average for the eight-year period for the area is 1.4 percent, with an eight-year high of 1.9 percent and a low of 1 percent.

A five percent effective vacancy rate is considered desirable, in order to provide for adequate consumer choice and mobility, while at the same time ensuring adequate returns to housing providers. The effective vacancy rate includes only those units which are available for sale or for rent. Preliminary data from the 1990 census indicates that the citywide effective vacancy rate is 2.6 percent.

Overcrowding

According to the 1980 Census, 13.3 percent of households in Salinas were overcrowded (more than one person per room). The 1980 Census showed the state average was 7.4 percent of households living in overcrowded units. Data from the 1990 Census show that 22 percent of all households in Salinas are overcrowded. Overcrowding is most prevalent among renter households (see Table 15).

Detailed information on overcrowding from the 1990 Census is not available at this writing, however data from the 1980 Census may provide an indication of characteristics of overcrowded households. AMBAG reports that the average size overcrowded household was 5.6 persons. In Salinas, the census reported that 37 percent of Hispanic households and 13 percent of all households live in overcrowded conditions. The greatest incidence of overcrowding was in East Salinas, with 25 percent of all households and 45 percent of Hispanic households living in overcrowded conditions.

Much overcrowding in East Salinas is a result of doubling up by seasonal workers. As an overcrowded apartment probably provides better living conditions than privately operated farm labor housing or older motels and the housing market will not build for part-time occupancy, no alternative is apparent. Negative effects of overcrowding include excessive wear on buildings, congested parking, inadequate recreational space, and perhaps less concern for community quality by temporary residents.

Development standards have not traditionally made allowance for seasonal overcrowding. East Salinas, where overcrowding is most widespread, is also the area where housing units have been built with the least regulation, both when the area was outside the city and since annexation in the early 1960s. Parking and design standards for future development could be set to accommodate peak-season occupancy based on observed use of existing apartments, but resulting higher rents would likely shift the burden of overcrowding to older units.

TABLE 15

MODERATE AND SEVERE OVERCROWDING, 1990

	Number of Households	Percent of Total
Renting Households (17,930)		
Moderate[a]	1,979	11.0
Severe[b]	3,415	19.0
Subtotal	5,394	30.0
Owner Occupied Households (15,430)		
Moderate[a]	863	5.6
Severe[b]	1,152	7.5
Subtotal	2,015	13.1
TOTAL (33,360)	7,409	22.2

a. Moderate overcrowding exists when the number of persons per room is between 1.01 and 1.50.

b. Severe overcrowding exists when the number of persons per room is more than 1.50.

Source: 1990 U.S. Census

Waiting Lists for Non-Market-Rate Housing Units

Conventional Public Housing. As of July 1991, the Housing Authority had 1,096 applications for public housing on file and 582 occupied units. When units are available, applicants are housed on a priority rather than a first-come, first-served basis, with unhoused applicants given top priority. The Housing Authority operates one-, two- and three-bedroom units. There is almost no turnover in the three-bedroom units, and newly constructed large units are generally filled by households already in public housing that have outgrown their units. Turn-over in two-bedroom units often results from tenants moving into market-rate rentals.

Section 8 Certificates. Section 8 certificates specify the size unit that the holder may rent. The wait for most units is two to three years, and longer for four-bedroom units. Applications for 4,235 certificates are outstanding. As with public housing, priority goes to unhoused applicants.

Comparing the average and median rents, illustrated in Table 8, with Section 8 rent ceilings, illustrated in Table 12, indicates there are apartments available in the price range of holders of Section 8 certificates.

CHISPA Projects. CHISPA currently has two vacancies out of a total of 158 low-income units. The waiting lists average 350 households per project. Although turnover is low for all unit types, waiting list movement is generally faster for the two-bedroom units than for three- and four-bedroom units. Placement can take anywhere from six months to three years. Continual requests for housing come from people facing evictions, living in cars, garages or other substandard conditions.

Senior Housing. None of the City's senior housing projects report any vacancies. There is a two-year waiting list at Steinbeck Commons.

5.3 HOUSING DEMAND

The assessment of need in the Housing Element must consider the City's role in meeting regional housing demand, especially demand for affordable housing. The State Housing Element Guidelines establish a system of providing each locality with an identification of its share of regional need by income group.

Housing Needs Determination

Salinas' regional share allocation is presented in AMBAG's Regional Housing Needs Plan, which was adopted June 13, 1990. Needs determinations were prepared for Monterey and Santa Cruz counties, their incorporated cities, and total unincorporated area for each county. Based on the current distribution of lower-income households, the AMBAG distribution seeks to "avoid further impaction of localities with relatively high proportions of lower-income households" by sharing a more even distribution of households in different income groups.

The basis of the AMBAG regional share figures is a jurisdiction's proportion of low-income households relative to the distribution of households by income category elsewhere in the region. With 42 percent low-income households, as compared with 41.3 percent in the region as a whole, Salinas is classified as impacted. In 1990, 15,349 low- and very-low-income households are expected to live in Salinas, an increase of 34 percent during the decade. During the same period, market-rate households are expected to increase by 41.8 percent. These figures are presented by AMBAG to assist localities in planning for housing that will meet the needs of all new households. The following table shows housing need by income group according to AMBAG.

If the General Plan population holding capacity of 163,000 were to be reached by 2005, the average annual growth rate would be 3 percent, and about 1,000 additional units would be needed each year. At a 1.8 percent growth rate, about 780 units would be needed each year. Construction trends in the last 10 years indicate that growth rate has fluctuated between 0.3 percent and 3.5 percent.

Table 16 notes the distribution of households by income group for 1989 and 1996, as determined by AMBAG's Regional Housing Needs Plan.

TABLE 16

SALINAS HOUSEHOLD DISTRIBUTION BY INCOME GROUP: 1989-1996

	Very Low		Low		Moderate		Above Moderate	
	No.	%	No.	%	No.	%	No.	%
1989	7,529	22	6,150	18	7,943	23	12,635	37
1996	8,842	21	7,391	18	9,782	24	15,577	37

Source: AMBAG, Regional Housing Needs Plan, adopted June 1990.

6. ABILITY TO MEET HOUSING NEEDS

State Housing Element Law requires including an analysis of potential and actual governmental and non-governmental "constraints upon the maintenance, improvement, or development of housing for all income levels." This section describes those constraints, and Section 6 of the General Plan includes policies relative to the reduction or elimination of constraints identified

6.1 GOVERNMENTAL CONSTRAINTS ON THE PRODUCTION OF HOUSING

Land-Use Controls

The Salinas General Plan and zoning ordinance establish the locations where housing can be built, housing density, lot size, setbacks and required site improvements. Land-use controls can be viewed as a constraint in that they determine the amount of land to be developed for housing and establish a limit on the number of units which can be built on a given site. Zoning ordinance revisions adopted during the General Plan review process established density limits for the first time in apartment zoning districts; this was done expressly to respond to community desires for more specific regulations that would improve the quality of development.

The General Plan forms the basis for the City's zoning. The 24,000 units that could be added under the 1988 Plan could accommodate a population of 163,000. Thus, it appears that the Plan is unlikely to constrain growth. Overall densities in new growth areas will be 10.2 units per gross acre under the Plan with a unit mix as follows: 55 percent single-family detached, 10 percent medium density and 35 percent high density. The Plan policy calling for 55 percent single-family units in new development areas is intended to maintain the current citywide mix of unit types. If the market cannot absorb this single-family share, the policy would function to limit the rate of growth. For further discussion see Land Use Element Policy 3.3.K.

Annexation and Agricultural Preservation Policies

Land scarcity that contributed to high housing prices in the 1980s was due in large part to the agricultural preservation policies of Monterey County, Monterey Local Agency Formation Commission (LAFCO), and the City of Salinas. Extended review and negotiation has preceded action on annexation requests. Salinas can grow only by converting agricultural land, but many residents in both the cities and unincorporated areas believe that agriculture should have priority over housing. The annexation process has been negatively impacted by County fiscal concerns as well, due to insufficient State funding of County programs.

Currently there is an adequate supply of annexed land, but the recently annexed area does not yet have all approvals and infrastructure needed to allow housing construction to begin. The current shortage of sites available for construction and the long period between initiation of annexation requests and availability of building permits contributes significantly to high land prices. Long lead times are necessary when annexing land to meet housing needs; several years are needed from initial proposal to occupancy of residential projects.

Development Fees

Since the passage of Proposition 13 in 1978, which both reduced property tax revenues and limited alternative financing mechanisms, cities have increasingly passed on the cost of capital improvements directly to new development, in the form of fees.

General obligation bonds requiring two-thirds voter approval, although re-authorized in June 1986, are not widely regarded as an alternative to fees. The cost effects of fees are widely debated. In theory, fees should reduce the price a developer can pay for land. In an area where all jurisdictions charge similar fees, the cost is more likely to be born by the housing consumer. The price of resale homes that paid no fees also increases by the amount of the fees to maintain the market's perceived worth in relation to new housing.

Salinas, like most California cities, charges substantial fees for capital improvements and for the services of city staff through the project review process as well. Table 17 itemizes typical residential development fees for single-family detached housing and apartment units. The table shows fees paid to the City and fees paid to the School Districts and the Monterey Regional Water Pollution Control Agency. In the examples shown, fees amount to 6 percent of the value of the single-family unit and 9 percent of the value of the apartment unit. A one-bedroom apartment with the same floor area would pay about $1,000 less in fees than the two-bedroom unit.

While Housing Element policies seek to remove constraints to the production of affordable housing, policies in the parks, public utilities and land-use elements which establish standards for quality of development and procedures for funding new improvements, result in continued reliance upon, and in some cases increased use of fees. Housing Element policies in Section 6.3 of the General Plan seek to strike a balance between these aims.

TABLE 17

TYPICAL RESIDENTIAL DEVELOPMENT FEES

	Single-Family Detached Unit	Apartment
Bedrooms/bathrooms	3/2	2/1
Sq. Ft. Dwelling	1,500	750
Garage	400 sq. ft.	none
Value of Improvements (calculated for determination of fees)	$76,050	$38,025
Fees		
Building Permit	$766.00	$490.00
Plan Check	475.00	304.00
Energy Regulation (plan check)*	80.00	51.00
Seismic Fee*	5.00	3.00
Park Fee ($426/bedroom)	1,278.00	852.00
Street Tree Fee ($148/60' frontage)	148.00	n/a
Sanitary Sewer ($248/bedroom)	744.00	496.00
Storm Sewer ($231/bedroom)	693.00	462.00
Traffic Impact Fees ($106 per trip)	1,060.00	636.00
School Impact Fee ($1.58/sq. ft.)*	2,370.00	1,185.00
Regional Sewer Hookup*	1,760.00	1,760.00
TOTAL	**$9,379**	**$6,239.00**
Fees per square foot	**$6.25**	**$8.32**
Estimated market value of property	**$155,000**	**$71,750**
Fees as percent of estimated market value	**6.0%**	**8.7%**
City fees, subtotal	**$5,164**	**$3,240**
City fees, as percent of estimated market value	**3.3%**	**4.5%**

Source: Salinas Community Development Department

* Fees set by agencies other than the City.

Building Codes

Residential construction is subject to numerous code requirements that frequently are revised, usually resulting in cost increases. The California Energy Code, the City's Fire Sprinkler Ordinance, State Title 24 regulations relating to accessibility for handicapped persons, and seismic safety requirements are some of the regulations that have contributed to increased housing cost during recent years.

Permit Processing Times

Permit processing for discretionary approvals for residential projects typically takes from two to four months if no extensive environmental review is required. If an environmental impact report is required, the approval process can take four to six months longer. If a project is deemed to be noncontroversial, discretionary permits can be fast tracked within 30 days; this is followed by a 10-day appeal period.

City policies require time for review and processing of use permits and PUDs, and occasionally for extensive public hearings. However, permit processing and development-review times are not at the sole discretion of the City. State and federally mandated procedures determine time required for portions of the process. Foremost among these are environmental review processes that, by law, must include certain periods for notification and review. In addition to increasing the length of time for consideration of proposed projects, the cost of preparation of environmental documents is charged to the applicant. Additional permits required from other agencies, including the Monterey Regional Water Pollution Control Agency (MRWPCA), increase cost of development.

6.2 NONGOVERNMENTAL CONSTRAINTS

Public Opposition to Housing Additions

Public involvement in planning issues has increased dramatically in Salinas since the adoption of the 1982 Housing Element. A primary reason has been dissatisfaction with the quality of residential development. To a great extent, public comment focused on opposition to increased housing density, especially in East Salinas, where older one-story, single-family detached units have been replaced by two-story apartments covering up to 55 percent of their sites.

Increasingly, there is opposition not just to increased densities in locations characterized by a high incidence of overcrowding and housing condition problems, but in other infill locations as well. An example is an Alvin Drive project that was approved for condominiums following initial approval of a tentative map for single-family units. Public concern about housing additions has increased because of difficulties in providing the desired level of urban services. School overcrowding and availability of sewer capacity are foremost among these.

Availability of Urban Services

The primary non-governmental constraint on housing in Salinas is the allocation of new sewer hookups for residential units in the city. Sewer hookups are limited in order to maintain consistency with the 1989 Air Quality Management Plan for the Monterey Bay region adopted by the Monterey Bay Unified Air Pollution Control District (MBUAPCD). The current allocation for the City is for approximately 5,947 new units between January 1, 1989 and December 31, 1994. Information as of June 1, 1991 shows that less than 1,000 of these connection permits have been issued.

The existing allocation for the city is 1,388 units less than the city's share of the regional housing need. However, the Regional Housing Needs Plan has a time horizon 1.5 years longer than the existing sewer allocation plan. Although it is not known at this time what the City's sewer allocation will be beyond December 31, 1994, it is anticipated that it will be sufficient to allow the City to meet its share of the regional housing need. Nonetheless, it is of utmost importance that the city continue to work closely with the Monterey Regional Water Pollution Control Agency (MRWPCA), the Monterey Bay Unified Air Pollution Control District (MBUAPCD), and the Association of Monterey Bay Area Governments (AMBAG) to ensure sufficient allocation of wastewater treatment capacity to meet the City's share of the regional housing need.

Cost of Financing

Mortgage interest rates will continue to play a major role in determining the affordability of housing. Table 16 illustrates the effect of interest rates on housing prices affordable by low- and moderate-income households. The "buying power" of low- and moderate-income households would drop considerably if mortgage interest rates were to rise to 15 percent.

Below-market-rate mortgages are available to some individuals through the FHA, VA and California Veterans programs. However, there has been local lender resistance to FHA financing. Furthermore, the purchase price "caps" on FHA, VA and Cal Vet loans are usually too low for the Salinas market.

Other factors making home financing more difficult include changes in the industry making mortgage insurance more expensive and less available. It is also difficult to obtain financing for houses with no foundation. Finance companies, however, cannot be expected to solve the problem.

The 1986 Tax Reform Act reduced the attractiveness of both real estate investment and tax-exempt bond financing by reducing marginal tax rates, lengthening depreciation schedules, eliminating capital gains exemptions, increasing exactions for bond projects, tightening installment sale rules, and generally reducing real estate tax shelters. These factors may discourage some housing construction, especially rental and low-income units, causing rents to rise until they approximate the after-tax net profit realized by the investors before the 1986 Tax Reform Act. The Act does include a tax credit of up to 9 per cent for the production of affordable housing; this credit program is scheduled to expire in 1991.

TABLE 18

MORTGAGE INTEREST RATES AND HOUSING COSTS

	MAXIMUM AFFORDABLE PURCHASE PRICE[a]	
Income Group	**Interest Rate**	
(upper limit)	**10 Percent**	**15 Percent**
Very Low Income (50% of median) -$19,000	$60,900	$42,250
Low Income (80% of median) - $24,500	$78,500	$54,500
Moderate Income (120% of median) - $36,700	117,600	81,600

a. Assumes 30 percent of income available for housing cost, 10 percent of which goes to housing costs other than mortgage; 30-year fixed-rate loan; 20 percent down payment; mortgage rates as specified. Income limits for family of four.

6.3 LAND AVAILABLE FOR HOUSING

As required by state law, the Association of Monterey Bay Area Governments (AMBAG) established goals for the number of households in four income categories which should exist in each jurisdiction by July 1, 1996. The city must provide appropriately zoned land to accomodate the jurisdiction's share of the regional housing goal.

Each of the four income groups is defined as a percentage of the county median income. Very-low-income households are at or below 50 percent of the county median household income. Low income households fall in the range from 50 through 80 percent of the county median. Moderate-income households have incomes between 80 through 120 percent of the county median. Above-moderate-income households have incomes which exceed 120 percent of the county median.

Single-family houses are often affordable only to moderate- and above-moderate-income households, so an adequate supply of land zoned at higher densities is essential to provide for the housing needs of other income groups. The AMBAG Regional Housing Needs Plan indicates that by 1996 there will be 8,842 very-low-income households, 7,391 low-income households, 9,782 moderate-income households, and 15,577 above-moderate-income households in Salinas. The increase in the number of households translates to a construction need of 7,335 housing units, 1,313 very-low-income, 1,241 low-income, 1,839 moderate-income and 2,942 above-moderate-income.

Proposed developments on large tracts of land within the City of Salinas have a potential capacity of 8,345 dwelling units. These sites alone would provide sufficient land to meet the City's share of the regional housing needs. Other vacant lots and infill sites throughout the City would provide additional capacity for housing development. Table 19 below provides a breakdown of dwelling unit capacity of proposed housing developments in Salinas.

Table 19

City of Salinas

Vacant Residential Land Inventory

Project Density	Low		Medium		High		Total	
	units	acres	units	acres	units	acres	units	acres
Harden Ranch	1330	262	153	23.6	914	53.5	2397	348.2
Creekbridge	834	185.3	734	58.3	1030	60.8	2598	304.4
Williams Ranch	1163	218.9	212	28.3	740	41.1	2115	288.3
Award Homes	313	60	0	0	0	0	313	60.0
Arcadia Homes	200	56.6	247	20.7	0	0	447	77.3
Round Hill Farms	0	0	32	3	0	0	32	3.0
Harrod Homes	63	12	0	0	30	2	93	14.0
Alvin/Wheeler	0	0	0	0	176	9	176	9.0
Pajaro Park	0	0	0	0	174	2.5	174	2.5
Project Total	3903	794.8	1378	133.9	3064	163.5	**8345**	**1093.2**
Percent of Total	(46.8%)		(16.5%)		(36.7%)		(100%)	

Vacant Infill Unplanned Sites	Low		Medium		High		Total	
	units	acres	units	acres	units	acres	units	acres
Larkin/Rico	23	2.9	0	0	0	0	23	2.9
Davis/Larkin	0	0	150	10	0	0	150	15.0
Circle Drive	29	4.1	0	0	0	0	29	4.1
Bardin/Williams	50	5.0	0	0	0	0	50	5.0
Rico/Casentini	0	0	0	0	120	11	120	11.0
Rider Avenue	0	0	45	3	0	0	45	3.0
Vista Nueva	0	0	30	2	0	0	30	2.0
Infill Total	102	12.0	225	15	0	0	447	43

Redevelopment Areas	Low		Medium		High		Total	
	units	acres	units	acres	units	acres	units	acres
Central City*	0	0	0	0	0	0	0	0
Sunset/Buena Vista**	0	0	45	3	80	3.3	125	6.3

* There is no undeveloped or underdeveloped residentially designated land in the Central City Project area. The area has the potential for an additional 50-100 single room occupancy hotel units.

**These numbers represent the potential additional units which could be approved under current zoning.

Definitions of residential density designations are as follows:

Low density (R-1) is single family detached units developed between 1-8 units per acre, with an average of 7.08 units per net acre in mew development areas.

Medium density (R-2) is single family attached or duplex units developed between 8-15 units per net acre, with an average of 13.33 units per net acre in new development areas.

High density (R-3) is multifamily units developed between 15-24 units per net acre, with an average of 20 units per net acre in new development areas.

Rental Housing

Rental housing sites will be available both in the new development areas and in infill sites. Land Use Element policies for the new development areas require a mix of development including 35 percent multifamily units. During the 20-year planning period about 11,000 multifamily units will be added by the Plan, depending on the availability of infrastructure, the attainment of environmental goals, and other goals and standards addressed throughout the General Plan.

Manufactured Housing

Manufactured housing is a term which refers to factory-built housing and includes mobile homes. Manufactured housing units may be fully constructed off-site, or may require considerable on-site construction. Manufactured housing is permitted at any location subject to the same standards and approval processes of any other housing type permitted under the General Plan and zoning regulations.

Senior Housing

State law requires that a density bonus allowing 25 percent more units than permitted under the General Plan be granted for projects with 50 percent or more units designated for seniors. Housing Element policy 6.2.K may allow a larger density bonus for senior projects in appropriate locations.

7. HOUSING PROGRAM

See Salinas General Plan, Section 6, Housing Element Program Policies.

City of Salinas
OFFICE OF THE CITY MANAGER • 200 Lincoln Avenue • Salinas, California 93901 • (408) 758-7201

September 27, 1991

Mr. Thomas B. Cook, Deputy Director
Division of Housing Policy Development
Dept. of Housing and Community Development
1800 3rd Street, Room 430
P. O. Box 952053
Sacramento, CA 94255-2053

SUBJECT: HCD REVIEW OF SALINAS DRAFT HOUSING ELEMENT

Dear Mr. Cook:

Thank you for your September 5, 1991 comments on the Salinas draft Housing Element. Your comments will be sent to the Salinas City Council in accordance with Section 65585(b) of the Government Code.

The Department of Community Development has studied your comments and has made several of the suggested changes you identified. In our opinion, however, we believe that several of the revisions which you have cited as needed to comply with Article 10.6 of the Government Code have been adequately addressed in the Draft Housing Element. Our response to your suggested revisions are as follows. All citations refer to the applicable provisions of the Government Code unless otherwise noted.

A. <u>REVIEW AND REVISION</u>

1. Policy 6.2.F calls for the implementation of an ordinance to require all multifamily projects over 10 units to provide a mix of larger units to meet the need of large families. This issue is dealt with in the draft zoning ordinance which begins its public review process this fall. Currently, the City Council is considering a variety of policy options for larger households that would require that either 23% or 30% of all new multifamily units be 3 or 4 bedroom in size. Depending on the rate of multifamily development over the next five years, this could mean up to 525 multifamily housing units built for large families (if the maximum number of units were to be built each year and 35% of those units were multifamily).

2. Policy 6.2.G calls for the review of regulations to remove impediments to the production of larger units. Staff has completed this review in its proposed zoning ordinance. We expect the Ordinance to be adopted by July, 1992.

3. Policy 6.2.I calls for the location of a site for the development of 80 units of farm worker housing.

4. Policy 6.2.J and 6.5.G respectively call for the rehabilitation of 80 units of single room occupancy housing and 240 units of housing occupied by low income owners or tenants. City progress on single room occupants has been hampered by the loss of many of these units due to struc-

tural damage from the October 1989 earthquake. A 27 unit single-room facility is being rehabilitated by the Housing Authority. Additionally, the Salinas Hotel, demolished as a result of the October 1989 earthquake, is being replaced by a new 27 unit hotel. Half the units in the new hotel will be reserved for long-term occupancy by former residents of the previous hotel. That policy objective ~~is~~ has been ~~proposed to be~~ revised to a more realistic goal of 40 units. Rehabilitation of lower income units has been revised to a more realistic objective of 140 units over the 5 year period.

B. <u>HOUSING NEEDS, RESOURCES AND CONSTRAINTS</u>

1. We agree with the desirability of your comments regarding the needed update to the City's housing conditions survey. Community Development staff is working on a revised housing condition survey for the Comprehensive Housing Assistance Strategy. That work is due to be completed by January 1992. The data will be incorporated into future updates of the Housing Element.

2. An inventory of vacant residential land is included as Table 19 of the Housing Element which identifies an adequate number of sites to accommodate units to meet the City's identified regional housing needs over the planning period. 34% of all units proposed from those sites are multifamily units which we believe significantly cut 80% of median income addresses the City's lower income housing needs.

   Table 13 indicates that lower income families could afford up to $760 a month for the rent of a two bedroom apartment which is well above the community's existing median rent of $550 a month.

   1990 census data includes that this median priced rental was affordable to 88% of all households between 50-120% of median income. Very low income households (below 50% of median) are not well served by market rate rentals.

   The City's internal sewer allocation has historically always provided a minimum 10% set aside as a priority for affordable lower income housing projects.

3. <u>LAND USE CONTROLS</u>

   The average density of new residential development areas allowed under the General Plan, would be 7.5 units per acre with 45% of those units having an average density of 15.3 units per acre. Maximum multifamily densities have been reduced in the General Plan because of the excessive congestion in already developed portions of Salinas. The density limits now apply regardless of parcel size. There is no one acre minimum, however, sites smaller than one

acre were not shown on the General Plan map because of the scale of the map.

The conditional growth areas are described in Table 19 which identifies the vacant available residentially zoned land.

The Property Maintenance Ordinance has not yet been drafted or considered by the City. Therefore, an analysis of its impact on the preservation of affordable housing would be premature and speculative at this point in time.

C. QUANTIFIED OBJECTIVES

Policy 6.5.G was provided in the Housing Element with an objective of 140 units to be rehabilitated and conserved by 1996.

D. HOUSING PROGRAMS

1. Adequate sites for new housing development are identified in Table 19, Vacant Residential Land Inventory. The proposed Zoning Ordinance identifies the residential care facilities such as homeless shelter or transitional housing as conditionally permitted in any residential district and in lower impact commercial districts. Given the discretionary nature of these approvals, we don't believe it is appropriate to identify specific sites for these uses in the Housing Element.

2. (a) A Housing Trust Fund (Policy 6.1.J) is proposed to be implemented by a variety of administrative and Council actions which will be put in place over the next year.

   (b) One additional parking space will be proposed for each additional second unit. The target date for the adoption of the proposed zoning ordinance is now July, 1992.

   (c) The City's Density Bonus Ordinance has been amended to conform to changes to Government Code Section 65913.4, 635915, and 65917. Based on a review by City staff, we believe the City's inclusionary ordinance is consistent with State law.

3. ADEQUATE PUBLIC SERVICES

The City's Regional Sewer Allocation is set to conform to our adopted Regional Population and Employment forecast, which Salinas participates actively in the formulation of with the Association of Monterey Bay Area Governments. The City has moved from voluntary water conservation to making water conservation devices available to existing households. In February, 1991, the City Council adopted a Water Conservation Ordinance. The City is also petitioning for a water rationing program with the Public Utilities Commission.

4. Previous attempts to provide City assistance for first-time homebuyers have proved to be ineffective because of the degree of subsidy required. In our market, in order to make homeownership affordable to lower income families, it would require additional subsidies of $25,000-$30,000 per unit. The City doesn't have anywhere near sufficient resources to do this.

5. Policy 6.2.0 has been added to reaffirm the City's Redevelopment Agency commitment to the provision of affordable housing.

6. The City's Housing Opportunity Program consists of widely disseminated pamphlets describing equal opportunity housing lending and rental discrimination and the availability of the City's contract mediation service to rectify any housing opportunity disputes. These materials are published in English and Spanish.

E. PUBLIC PARTICIPATION

The Housing Element has been the subject of four noticed public hearings in the Salinas Californian Tuesdays prior to hearings. Also, a noticed public meeting of housing providers, housing advocates and organizations and individuals interested in housing issues.

F. CONSISTENCY

The Housing Elements programs and policies were reviewed by staff for internal consistency with the proposed zoning ordinance and subdivision ordinances, the Density Bonus Ordinance, Housing Trust Fund program, Community Development Block Grant, and other implementing measures. Staff found that there was internal consistency between the proposed Housing Element and its implementing ordinances.

Sincerely,

DAVE MORA
City Manager

DRM:vm

cc: Kevin Callahan, Principal Planner
Manuel Rede, Community Development Director

Review of the 1988 Salinas Housing Element

The state Housing Element Law requires that each jurisdiction carry out a review of the policies and programs specified in the Housing Element. The following section describes the policies and programs contained in the previous element and the efforts by the City of Salinas to implement them.

Housing Program policies are grouped under six headings: affordable housing; housing for persons with special needs; housing sites; removing constraints to housing production; residential conservation; and access to housing. A seventh section contains policies relevant to residential energy conservation.

6.1 AFFORDABILITY OF HOUSING

Guiding Policies

The 1988 Housing Element established three guiding policies for increasing the affordability of housing in Salinas:

A. Participate in programs assisting in the production of housing affordable by very-low, low- and moderate-income households.

B. Ensure that units produced for very-low, low- and moderate-income households are made available to those groups and maintained as affordable units.

C. provide for a geographic dispersal of units affordable by very-low-, low-, and moderate-income households throughout the City of Salinas.

Implementing Policies: Affordable Housing

6.1 D. Continue to grant density bonuses for provision of affordable units as required by state law. The units shall remain affordable for the life of the project.

Quantified Objective: Not possible to quantify

Actions Needed: Prepare density bonus ordinance. Determine project eligibility during approval stage. Housing Authority to oversee selection of tenants and continued affordability of units.

Progress: *The City is required to grant a density bonus of 25 percent of the density that would otherwise be allowed under the General Plan under any of three conditions: if 10 percent of the project units are affordable to very-low-income households; if 20 percent of the project units are affordable to low-income households; or if 50 percent or more of the project units are set aside for senior-citizen households.*

6.1 E. Continue to participate in mortgage revenue bonds programs that provide tax-exempt low-cost financing to developers of projects making a portion of rental units available to low-income households.

Quantified Objective: One multifamily project per year; total of five for housing program period. If projects average 150 units, five-year affordable total would be 150 low-income units.

Progress: *The city continues to offer municipal mortgage revenue bonds financing for rental housing. On March 29, 1989, the city issued $12.5 million in bonds to finance the construction of Villa Serra: 150 units of senior housing sponsored by the Roman Catholic Diocese of Monterey in conjunction with the Dominican Hospital of Santa Cruz. As a requirement of the bonds, 15 of the units are set aside for occupancy by low-income households having at least one member of age 62. An additional 15 units are set aside for very-low income senior households at affordable rents.*

Demand for bond financing typically drops when market interest rates are low; this, coupled with the drop in apartment construction over the last several years, has led to decreased interest in mortgage revenue bond financing. The developers of one large residential project in North Salinas have expressed interest in using city bond financing for a portion of their planned multi-family units. They have not, however, submitted an application or taken other formal action in connection with our bond program.

6.1 F. Consider easing qualification requirements for mortgage revenue bonds by amending Section 10-81 of the Salinas Municipal Code (Rules and Regulations for the Financing of Multifamily Rental Housing Projects in the City of Salinas) to delete Part III.B.

Quantified Objective: Not quantifiable but will help achieve objective in 6.1.E., above.

Actions Needed: Amend Salinas Municipal Code.

Progress: *While Section 10-81 of the Salinas Municipal Code has not been amended at this time, the City still plans to examine the option of deleting Part III.B.*

6.1 G. Continue to participate in mortgage revenue bond programs that provide tax-exempt low-cost financing to first-time home buyers, if there is developer interest.

Quantified Objective: Unknown

Actions Needed: Work with developers of suitable projects.

Progress: *In smaller housing markets, the key to the use of tax-exempt municipal bond issues - for first-time homebuyer financing -is developer interest. Over the last decade, there has been little interest in such programs in Salinas. The reasons for this vary by project and by developer. Often cited is the requirement for upfront fees to offset the overhead of these complicated bond isssues. Because demand for single-family units has been strong, developers have been able to sell units without special programs or incentives. Local housing prices have been high enough so that the regulatory maximums associated with bond financing - when combined with mandated income limits - work to create a very narrow band of buyers who could be assisted by bond-financed lending.*

One additional factor has been the uncertain status of the federal authority to issue such bonds. The necessity for repeated Congressional re-authorization of authority (for cities to issue these bonds) discourages project developers from including such financing in their planning process. The City Council has asked our Congressional delegation to support pending legislation that would permanently authorize this type of bond financing.

City staff has been working with the Housing Authority of the County of Monterey (HACM) in their efforts to issue single-family bonds in 1991. As currently envisioned, the HACM issue would provide financing for property throughout the County. Staff has indicated its support for the Housing Authority to employ a portion of the City's allocation in order to have a better chance of receiving State approval for the planned bond issue.

6.1 H. Encourage use of Federal Tax credits for the production of low-income housing.

Quantified Objective: Unknown; program has no track record.

Actions Needed: Planning staff to research use of the Federal Tax Credit; request application packets from the Mortgage Bond Allocation Committee; prepare an information summary; and inform prospective users of the program.

Progress: Progress report pending.

6.1 I. Investigate the use of mortgage-credit certificates.

Quantified Objective: Not quantifiable.

Actions Needed: Staff to contact agencies with ongoing programs and determine feasibility for programs in Salinas.

Progress: *The Housing Authority, with the support of the Salinas Association of Realtors and the City, was successful in obtaining an allocation of authority to issue $1.5 million of Mortgage Credit Certificates (MCCs). The city's support included a letter from the mayor (for incorporation in the application packet) and an agreement to provide CDBG rehabilitation financing in conjunction with MCCs. Since implementation of the program, the Housing Authority has processed 49 application for properties in Salinas and provided certificates to 32 "first-time buyer" households.*

The Housing Authority still has the authority to issue additional MCCs. The two year period for use of the authority will end in October 1991. As with other bond-related financing mechanisms, the area's high housing costs have made it difficult to qualify applicants for MCCs. At this time, city staff does not believe city implementation of Mortgage Credit Certificate Program would be a cost effective use of city resources.

6.1 J. Establish a program to assist developers of new housing to provide adequate housing to meet the needs of low- and very-low-income households. Such program shall include the following components:

1. A goal of providing 10 percent of all new housing affordable to households of low or very low income.

2. Developers of new housing projects of 20 or more housing units shall submit with their application a plan for meeting the goal within their project. The plan shall be reviewed and approved as part of the project approval. Prior to issuance of building permits for the project, the developer shall provide adequate assurance of compliance with the terms of the approved plan.

3. The City shall participate by assuring 25 percent density bonuses to projects meeting the goals, and by making available annually funds for Assistance for housing projects containing housing for low- and very-low-income households.

Quantified Objective: 305-400 units which is 10 percent of the five-year development expectations on large sites, at 1.8 percent and 3 percent growth rates.

Actions Needed: Adopt a resolution or ordinance establishing an affordable housing program.

Progress: *The City has a density bonus program as described above.. Approximately 250 affordable lower income housing units have been agreed to in affordable housing plans. None have been developed to date.*

6.1 K. Enact a second-unit ordinance that allows second units in single-family residential zoning districts where additional parking for the second unit is provided, and where the second unit neither adversely affects nor alters the character of surrounding single-family residential development.

Quantified Objective: Unquantifiable, but not likely to provide more than a few dozen units.

Actions Needed: Prepare and adopt a second-unit ordinance.

Progress: *The City follows State standards in reviewing applications for second units. Since 1988, only one formal application for a second unit has been filed. This application was approved..*

6.1 L. Cooperate with the Housing Authority of the County of Monterey in developing low-income housing.

Quantified Objective: 300 units if housing program funding continues at current levels.

Actions Needed: Cooperate with HACM in locating suitable sites.

Progress: *In 1989, City staff were assigned to review all vacant sites within the City for suitability for use by the Housing Authority to construct housing projects. Staff did the research and provided a list to the Housing authority; the Housing Authority subsequently purchased one of the sites and has since received HUD approval for its use for at least 50 units of family public housing, (an application for additional units is pending at HUD). Community Development staff has also been assisting Authority staff with the development and environmental review process for this project.*

Community Develoment also provided assistance to a joint Housing Authority/non-profit apartment project, the Catalyst Apartments. This 17-unit develoment was granted a density bonus as well as $55,000 in city CDBG funds against land acquisition costs. Construction of this project was completed in 1990.

Finally, staff was instrumental in the HACM's purchase of the Plaza Hotel in 1990. This condemned SRO hotel will be rehabilitated for use as transitional housing. The city advised the Authority of the building's availabiltity; sent formal letters to the state in support of the Housing Authority's application for rehabiliatation financing; and, through SRA Tax Increment funds, provided a grant of $50,000.

6.1 M. Continue to fund nonprofit housing sponsors to permit them to construct, acquire and improve lower- and moderate-income housing. Support nonprofit corporations in their efforts to make housing more affordable to lower- and moderate-income households.

Quantified Objective: 160 low-income units and 30 moderate-income units assumed if current level of funding is continued.

Actions Needed: Continue funding at current levels.

Progress: *In 1991, the Salinas Housing Task Force determined that efforts to assist in the development of the supply of affordable housing had been inadequate to meet the needs within the community The Task Force concluded that the City needed an active and sustained commitment to supplement funding of low-income housing. Finally, the Housing Task Force proposed the development of a housing trust fund, with an annual City Funding commitment of $1,00,000, as an ongoing source of revenue*

6.1 N. Encourage use of Redevelopment housing funds, established by the 20 percent tax increment set-aside requirement, to maximize affordable housing production.

Quantified Objective: Not possible to quantify.

Actions Needed: Establish Redevelopment housing funds and develop housing policy guidelines.

Progress: *The Redevelopment Agency is currently engaged in a study to develop housing policy guidelines. $70,000 has been set aside in the Sunset Avenue Redevelopment District for affordable housing.*

6.1 O. Acquire land in conditional growth and redevelopment areas to be set aside for the production of ownership housing that is affordable to low- and very-low-income households.

Quantified Objective: Not possible to quantify.

Actions Needed: Establish a land-banking program; secure funds for implementation.

Progress: *The land-banking program was abandoned in favor of a more comprehensive and flexible approach to the City's affordable housing needs, the Housing Trust Fund Task Force.*

6.2 HOUSING FOR PEOPLE WITH SPECIAL NEEDS

Section 5.1 identified those groups with special housing needs: larger families, female-headed households, the elderly, the homeless, and seasonal farmworkers. The following policies seek to encourage development of housing that will meet the special housing needs of these groups.

Guiding Policies: Housing for People with Special Needs

6.2 A. Encourage the development of affordable-housing units with three or more bedrooms.

6.2 B. Provide incentives for development of senior housing on sites where proximity to services and other features make it desirable.

6.2 C. Encourage the retention and rehabilitation of high-density housing in the Central City.

6.2 D. Encourage the provision of housing that is decent, safe, and attractive in Salinas for seasonal farmworkers.

6.2 E. Encourage the provision of housing for homeless persons through the City's use of state and federal programs and through the cooperation of public and private sector organization.

Implementing Policies: Housing for People with Special Needs

6.2 F. Require all multifamily projects exceeding 10 units (except senior housing and Central City projects) to provide two-, three- and four-bedroom units to meet needs as indicated by the census data or other measures of household size.

Actions Needed: Adopt ordinance or resolution prescribing this policy.

Progress: *Demographic data such as that available from the federal census is being employed to define the parameters for required, larger units. The Harden Ranch development was the first significant project subject to this program Requirements for the provision of two-, three-, and four-bedroom units were incorporated into the Harden Ranch Affordable Housing Plan. A total of 914 multi-family units in the Harden Ranch development were subject to this requirement.*

6.2 G. Review development regulations to assure that any disincentives to production of larger units are eliminated.

Actions Needed: Review of development regulations.

Progress: *The Draft Zoning Ordinance has been reviewd to ensure that disincentives to the production of large units are eliminated. New regulations, which will be adopted within the next year, are designed to ensure that the production of larger units is encouraged.*

6.2 H. Continue to support the use by a nonprofit group of HUD 202 (low-interest) financing for construction of housing for the elderly and disabled. Support other governmental programs resulting in provision of housing for people with special needs.

Quantified Objective: Unknown

Actions Needed: Write letter of support to HUD if a suitable project is proposed.

Progress: *During this period, one Section 202 project was approved and built by Interim, Inc., a Monterey-based non-profit organization serving the chronically mentally ill. Twelve units of the Catalyst Apartments were financed with a 202 loan of $550,000. This project also includes five additional units built by the Housing Authority. In addition to supporting the application to HUD and providing a density bonus, the city provided a grant of CDBG funds*

totalling $55,000. The city also supported a Section 202 application by a local chapter of the Knights of Columbus, however this project did not receive funding.

Other projects serving elderly or disabled residents received city assistance during this period. A total of $80,000 was provided to Interim for their six unit Casa de Paloma in 1989. The following year, $70,000 was provided to assist with acquisition of The Acacia House, also a six-unit facility. In May of 1991, the city set aside $65,000 for yet another Interim project (the site was still under negotiation as this was written). All of these facilities are for long term rental housing for lower income individuals recovering from mental illnesses. In each case, the funding came from the city's Community Development Block Grant monies.

6.2 I. Support efforts by State Office of Migrant Services and Monterey County Housing Authority to provide housing for migrant farmworkers and their families.

Quantified Objective: 80 units

Actions Needed: Cooperate with HACM in locating a suitable site and applying for FmHA 514/516 funds.

Progress: *Since 1988, little progress has occurred with regard to the creation of migrant farmworker housing in Salinas. The Housing Authority has been pursuing State funding to complete the rehabilitation of their Migrant Housing Center in King City.*

Accurate statistics have not been available regarding the demand for migrant housing in Salinas. It has been a widely held assumption that the need for migrant family housing was declining due to industry changes and the tendency for farmworker families to settle in Salinas, even if wage-earner members followed the crops in the off season.

Housing providers have indicated that the overhead involved (in maintaining units year-round for six-month occupancies) makes such projects less feasible than permanent housing, especially in light of the scarcity of sites and other resources. Providers have also expressed concern over the large "matching requirement" for local funds reportedly required under certain governmental programs targeted for migrant housing.

Recently, innovative means of reducing overhead (e.g. using migrant centers for homeless shelters during the off-season) have brought renewed attention to migrant housing centers. Public input received during the Housing Element revision has indicated a demand for both permanent and migrant farmworker units. Staff, therefore, is recommending retention of a policy concerning migrant housing in the 1991 Housing Element.

6.2 J. Encourage retention and rehabilitation of single-room-occupancy (SRO) hotels in the Central City.

Quantified Objective: Rehabilitation of up to three hotels with a total of about 80 rooms.

Actions Needed: Work with hotel owners by city staff

Progress: *The proposed rehabilitation of the Plaza Hotel would provide a total of 27 units (26 units and a manager's unit). In addition, a ten-room and a five-room project were retained. As a result of the Loma Prieta earthquake however, 207 units were destroyed.*

6.2 K. Consider allowing a density bonus larger than 25 percent in appropriate locations for projects with 50 percent or more units designated for seniors.

Quantified Objective: Unknown

Actions Needed: Consideration of individual proposals.

Progress: *A larger density bonus would be appropriate in a location near to shops and services used by seniors, and where it can be demonstrated that the environmental impacts of the project would not exceed those envisioned by open occupancy units. Pajaro Park, a 150-unit senior housing project proposed for downtown Salinas has been approved at this writing. The City granted a 75-unit density bonus to this project.*

6.2 L. Provide financial and technical support to a County-commissioned study of the homeless population.

Quantified Objective: Unknown

Actions Needed: Limited financial assistance for the demographic profile of the homeless population and technical staff assistance in locating and identifying the homeless population.

Progress: *In 1989, the City of Salinas contributed staff assistance to a Study of Homelessness in Monterey County which was funded by Monterey County. The study included face-to-face interviews and a needs assessment survey. The results provide a profile of the homeless population including demographics, movement patterns, and health status as well as an estimate of the total number of homeless in Monterey County. The study also identifies specific housing needs of the homeless population.*

6.2 M. Support efforts of the Downtown Social Service Board to secure a suitable site and funding for an emergency shelter.

Quantified Objective: Not quantifiable.

Actions Needed: Staff assistance to Board in locating a suitable site.

Progress: *The city continues to pay the rent on the Swinging Door and Dorothy's Kitchen in Salinas. The City also pays two-thirds of the operating budget for the Downtown Social Services Board. The City assigned a staff member to support the Board's efforts to secure a suitable site. A day shelter site was selected and the property is currently in escrow.*

6.2 N. Amend zoning ordinance regulations to provide clear guidance for the location and review of shelters for the homeless.

Quantified Objective: Not quantifiable.

Actions Needed: Amend zoning regulations.

Progress: *The zoning ordinance is currently undergoing a comprehensive revision. The revised regulations provide clear guidance for the location and review of shelters for the homeless.*

6.3 HOUSING SITES

Guiding Policies: Housing Sites

6.3A Ensure the availability of sites (for residential development available in response to market demand, so that scarcity of land does not unduly increase the cost of housing, consistent with other Plan policies.

6.3 B. Ensure that new residential development is compatible with surrounding neighborhoods.

6.3 C. Encourage a variety of housing types to be built on residential sites to increase choice for Salinas households.

Implementing Policies: Housing Sites

6.3 D. Prepare and adopt Precise Plans for all Conditional Growth Areas prior to approval of any development.

Quantified Objective: 3,800 to 5,000 units to be included in Precise Plans.

Actions Needed: Prepare and adopt a Precise Plan consistent with General Plan policies.

Progress: *A Precise Plan, providing for 2,515 housing units, was adopted for the Harden Ranch area. Another Precise Plan is also being considered at this time.*

6.3 E. Continue to allow manufactured housing in all residential districts provided that it meets the same standards as conventional housing and is placed on permanent foundations.

Actions Needed: No action needed.

Progress: *Vista nueva, a 77-unit manufactured housing project was approved by City Council in 1988.*

6.4 REMOVING CONSTRAINTS TO HOUSING PRODUCTION

Guiding Policy: Removing Constraints to Housing Production

6.4 A. Remove constraints to production and availability of housing to the extent consistent with other General Plan policies

Implementing Policies: Removing Constraints to Housing Production

6.4 B. Use the U, "Unclassified" district, as interim zoning only. Rezone existing "U" districts that have been developed to eliminate or reduce subsequent review time for proposed changes to that development.

Quantified Objective: Reduce average time required for a discretionary approval by one to three months.

Progress: *The proposed Zoning Ordinance allows more development to be approved administratively, thereby reducing project-approval times.*

6.4 C. Continue to provide for waiver of City development fees for directly assisted units affordable to low-income households.

Quantified Objective: Reduce cost of producing units affordable to low-income households by up to 6 percent.

Actions Needed: Consider individual projects during development approval stage.

Progress: *Ordinance number 1847 (approved in March 1982) provided exemption for assisted low-income housing units from a portion of development fees for parks, street trees, and storm- and sanitary-sewer trunk lines. The ordinance was however, rescinded in 1986 rendering the policy ineffectual.*

6.4 D. Continue efforts to streamline and improve the development-review process.

Actions Needed: Review of approval process.

Progress: *The approval process is being reviewed during the Zoning Ordinance update. One of the actions will be to re-zone the unclassified or "U" districts within the city. Another effect of the proposed Zoning Ordinance will be to reduce permit-processing time by increasing the number of permitted uses, thereby reducing the number of required conditional use permits. City staff estimates that this action could reduce the number of conditional use permits by 75% to 80% of current level.*

6.5 RESIDENTIAL AND NEIGHBORHOOD CONSERVATION

6.5 A. Maintain Salinas' housing stock in sound condition.

6.5 B. Rehabilitate substandard housing where feasible.

6.5 C. Provide public services and improvements that enhance and create neighborhood stability.

6.5 D. Preserve and protect residential historical and architectural resources

Implementing Policies: Residential and Neighborhood Conservation

6.5 E. Consider a policy for systematic enforcement of the building and housing codes.

Actions Needed: Develop program; start systematic inspection.

Progress: *The intent of this policy was to increase the level of inspection in an effort to enforce the building and housing codes. Currently, inspection is carried out on a complaint basis only. Implementation of this policy would have called for periodic inspections in buildings having a history of code violations. Such a program was considered but, due to budget constraints, the additional staff needed to carry out the program could not be hired.*

6.5 F. Prepare and enact property maintenance regulations that promote the sound maintenance of property and enhance the livability and appearance of residential areas.

Quantified Objective: Cannot be determined until level of intent and persuasive power of ordinance are demonstrated.

Actions Needed: Prepare and adopt regulations.

Progress: *Property maintenance regulations are currently being considered for inclusion in the updated zoning ordinance.*

6.5 G. Continue to offer lower-interest loans and technical assistance for housing rehabilitation, and housing information and referral programs to eligible property owners.

Quantified Objective: Assuming current appropriations, rehabilitation of 48 units a year or 240 units during the five-year planning period.

Progress: *The City of Salinas has continued to provide low interest loans and technical assistance to owners of lower-income housing, both rental and owner-occupied. Between July 1, 1988 and June 30, 1991, seventy-nine units received rehabilitation financing and technical assistance. with the exception of seven units assisted by the Housing Authority through State earthquake relief monies, these units were assisted via HUD funds administered by the City of Salinas. The number of units rehabilitated privately during this period is not known.*

On a prorated basis, the number of units assisted was less than that projected in 1988. There are three factors contributing to this lower production level: reduced funding, staff shortages, and increased regulatory requirements. the 1988 Element was prepared over a one year period ending early in 1988. At the time it was believed greater financial resources would be available to fund municipal rehabilitation. Specifically, HUD's Rental Rehabilitation Program (RRP) funding dropped by 25% from 1988 to 1989, and by an additional 15% in 1990. Allocation of Fiscal Year 1991 RRP funds has been twice delayed by Washington. As this is written, we have yet to be informed if we will receive an allocation of 1991 funds... even though the fiscal year ends in less than one month. We do know that congress has eliminated the RRP program for 1992.

When this policy was adopted staff also anticipated redevelopment agency "tax increment" monies would be available to fund housing rehabilitation. We were incorrect. During the same period, the City's CDBG entitlement remained flat and increasing requests for CDBG funding for other activities prevented any increase in the allocation for rehabilitation.

The second factor was staffing levels lower than projected. During Fiscal Years 1988, 89, and 90, Housing Services was staffed at a level approximately half that projected...due to staff turnover and hiring delays. During the three year period, professional staff was at full strength for only six months; clerical staff was cut fifty percent. At this writing, staff levels have been restored to prior strength albeit additional responsibilities have also been assigned.

While less critical than the above, a final factor has been increased regulatory requirements pertaining to rehabilitation. Most notable are the wide ranging changes in relocation assistance requirements, increasing both cost and staff required for rental projects. Other factors include increased environmental review, building code revisions, and hazardous substance procedures.

In light of the above considerations, the 1988 projection was overly optimistic. the projection has been revised downward for the 1991 Element. Nevertheless, staff is working to further streamline the complex process required to underwrite and oversee loans for rehabilitation. In particular we are increasing the use of personal computers to speed contract preparation and financial processing.

6.5 H. Investigate the potential for a Neighborhood Housing Services program in Salinas.

Actions Needed: Contact Neighborhood Housing Services representative.

Progress: *Staff explored the Neighborhood Housing Services (NHS) concept for possible use in Salinas. To be successful, NHS projects typically require concentrations of owner-occupant property owners in single-family neighborhoods with a concern for neighborhood improvement. Another key is a well organized group of local lending institutions willing to provide the needed levels of rehabilitation financing. In the past, the NHS model has relied upon savings and loan institutions for support...recent changes in the industry and in regulatory requirements have reduced their incentives for participation. One final consideration was the existence of an established, successful housing rehabilitation rehabilitation effort within the City's organization. It was staff's conclusion that additional investigation into NHS was not warranted at this time.*

6.5 I. Amend zoning ordinance regulations concerning residential uses developed to nonconforming standards to allow rehabilitation and enlargement provided the extent of nonconformity is not increased.

Actions Needed: Amend zoning regulations.

Progress: *This amendment to the zoning ordinance is included in the latest revision.*

6.6 ACCESS TO HOUSING

Equal access to housing is protected by state and federal law. Discrimination on the basis of race, ethnic or national origin, religion or marital status is prohibited by the Federal Civil Rights Act of 1968 and by Section 53 of the California Unruh Civil Rights Act. The Rumford Fair Housing Law (part of the California Fair Employment and Hous-ing Act of 1980) also protects individual's access to housing.

The California Supreme Court ruled that discrimination against children in housing is prohibited under the Unruh Civil Rights Act in its decision, Marina Pt., Ltd. v. Wolfson, (30 Cal. 3rd 721 (1982)). Housing Element policies affirm the City's commitment to supporting these laws.

Guiding Policy: Access to Housing

6.6 A. Work to ensure that individuals and families seeking housing in Salinas are not discriminated against on the basis of age, sex, family structure, national origin, or other arbitrary factors.

Implementing Policies: Access to Housing

6.6 B. Support efforts of organizations dedicated to working toward elimination of discrimination in housing.

Actions Needed: Cooperate with, and support housing organizations as needed.

Progress: *The City provides funding for the Conflict Resolution and Mediation Center of Monterey County; staff has referred alleged cases of discrimination to them.*

6.6 C. Ensure that adequate provisions are made in new developments for families with children, including provisions for amenities such as tot lots and play yards.

Responsible Agency: Salinas Department of Community Development

Actions Needed: Adopt this General Plan policy; possibly revise ordinance standards.

Progress: *The City now requires that new developments make provisions for playgrounds and other amenities for families with children.*

6.6 D Continue funding tenant-landlord mediation service to provide assistance in resolving rental housing complaints.

Quantified Objective: Not applicable

Actions Needed: None required.

Progress: *The Conflict Resolution and Mediation Center of Monterey County was awarded the contract to provide mediation services. This service is funded by the City of Salinas under the Community Development Block Grant Program.*

6.7 OPPORTUNITIES FOR ENERGY CONSERVATION

Guiding Policy: Opportunities for Energy Conservation

6.7 A. Encourage development and requiresconstruction standards that encourage energy conservation in residential uses.

Implementing Policies: Opportunities for Energy Conservation

6.7 B.Develop or revise design standards relating to solar orientation of buildings, landscaping, fences, impervious surfaces, and parking-space requirements to conserve energy.

Progress: *The Subdivision Ordinance was revised to include design standards including solar orientation of buildings, landscaping, fences, impervious surfaces, and parking space requirements.*

6.7 C. Incorporate into a revised Subdivision Ordinance a requirement for lot orientation and design to take advantage of passive solar heating and cooling, maintenance of solar access, street widths, and proper planting of trees to reduce heat gain and loss.

Actions Needed: Amend Subdivision Ordinance

Progress: *Ordinance now includes development and construction standards that encourage energy conservation in residential uses. Staff has been informing developers that they must comply with these new requirements.*

6.7 D. In new development areas, encourage land-use arrangements and densities that facilitate energy-efficient public-transit systems.

Actions Needed: Staff to consult with Monterey-Salinas Transit (MST) and consider implementing design suggestions contained in Monterey-Salinas Transit's Development Review Guidebook.

Progress: *Design suggestions from the MST Development Review Guidebook have been implemented in major new developments in Salinas. The implemented design features included clustering of units for energy conservation as well as bicycle and pedestrian access.*

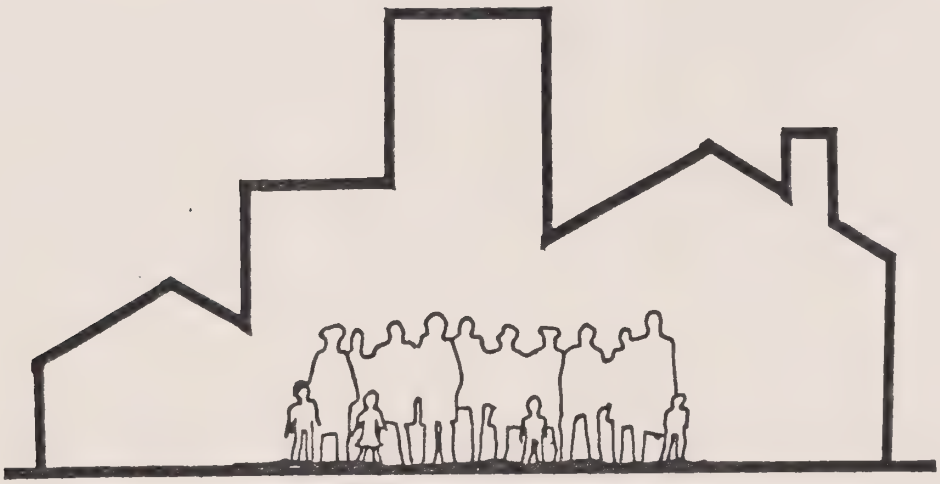
6.7 E. Encourage the retention and creation of neighborhood-level services (e.g. family medical offices, dry-cleaners, grocery stores, drug stores) throughout the city in order to reduce energy consumption and promote neighborhood identity.

Actions Needed: Implement Plan Policy 3.4.I relating to new neighborhood shopping centers.

Progress: *The General Plan map has added eight neighborhood shopping centers to serve new development areas. These shopping centers are intended to serve a trade area population of about 10,000 people each. The City also encourages the creation and preservation of neighborhood level services in plans for revitalization such as the East Salinas Revitalization Plan.*

FINAL REPORT AND RECOMMENDATIONS
SALINAS HOUSING TRUST FUND
TASK FORCE

APRIL 1991



MEETING THE AFFORDABLE
HOUSING CRISIS

April 18, 1991

Salinas City Council
200 Lincoln Ave.
Salinas, CA 93901

Mayor Russ Jeffries and City Council Members:

As you know, the Salinas City Council, in December of 1989, authorized the formation of a Task Force with a charge to consider the creation of a Housing Trust Fund to address the local housing needs of lower income people. Over the last fifteen months, the many members of the Salinas Housing Trust Fund Task Force have labored to construct a new program which proposes specific funding mechanisms leading to the creation of housing opportunities for lower income people.

The report we present to you is the result of a consensus building process which was achieved despite the wide diversity of backgrounds and viewpoints amongst the members. All of our recommendations were approved by a minimum of 2/3 vote, with many being unanimous.

The Housing Trust Fund presents an exciting opportunity to forge a significant public-private partnership for Salinas' future. For the City to reap the most benefit from the Task Force's efforts, we believe that it is essential that the actions recommended in this report be considered and implemented without delay.

It has been a privilege to participate in the creation of such a bold and innovative approach to one of the City's most pressing problems. The Task Force members look forward to working with you and the Councilmembers in the public deliberation of our recommendations and ultimately to the approval and implementation of a Housing Trust Fund which will help meet the low income housing needs of Salinas in the next ten year period.

Yours truly,

Jose Vasquez Jr.

Jose Vasquez Jr.
Vice Chairman

cc: Task Force members
Dave Mora, City Manager
Manuel Rede, Community Development Director
Kevin Callahan, Principal Planner

HOUSING TRUST FUND TASK FORCE MEMBERS

Key Participants	Representative
Builders/Contractors	Gwen Miller, Executive Director Salinas Valley Builder's Exchange
Financial Community	Stan Bumgarner Commonwealth United Mortgage
Business Community	Carol Kurtz, Executive Director Salinas Chamber of Commerce
Land Use Attorney	Brian Finegan Finegan & Cling
Real Estate Industry	Gloria Moore, Representative Salinas Board of Realtors
Senior Community	Ray Bolinger, Realtor Retired Hospital Administrator
Housing Provider	Bob Jones, Technical Services Manager Housing Authority of Monterey County
Regional Housing	Marilyn Dorman, Executive Director Monterey County Housing Council
Housing Developer	John Klevins, Regional Vice President Bollenbacher & Kelton
Non-Profit Housing Provider	Ed Moncrief, Executive Director CHISPA
At Large	Douglas Keegan, Directing Attorney California Rural Legal Assistance
Agriculture	Ed Angstadt, President Grower-Shippper Vegetable Association
Farm Labor	Crescencio Padilla
At Large	Jose Vasquez East Salinas Steering Committee

TABLE OF CONTENTS

PREFACE

The report which follows represents 15 months of research, discussion, debate and deliberation by a task force of Salinas citizens, who were selected because they represented a broad spectrum of the community. The Housing Trust Fund Task Force, appointed by the City Council in December of 1989, has representatives from the real estate industry, profit and non-profit housing development, real estate lending, labor, farm labor, agriculture, business, seniors and the general community.

The report's recommendations and conclusions are the outcome of a comprehensive review of the City's housing affordable housing problems and opportunities. The Task Force's conducted over 20 public meetings on all aspects of our housing problems. The Task Force's four subcommittees held a total of over 15 working meetings in which many of the basic components of the recommended program were developed.

The Task Force was confronted by clear evidence that the City's historical practice of assisting in the development of an adequate supply of affordable housing solely through the traditional mechanisms of Block Grant and redevelopment projects is no longer adequate to meet the needs or the General Plan commitment. Annual production of City assisted affordable lower income housing declined from an average of 140 units per year between 1980-85 to only 35 units per year for the rest of the decade. This decline was due to several factors including unavailability of building sites for affordable housing, declining Federal and State housing assistance, reduced densities for new residential construction and the adoption of housing policies which favored single family development.

Housing the community's lower income household's, who currently represent 40% of all households, can no longer be accommodated without significant public intervention into the housing market. The costs of land and building have escalated far more rapidly than have incomes. Land for affordable housing developments, always scarce and at a economic disadvantage in competition with conventional housing, is now further constrained by the trend towards large master planned communities. For many of our fellow citizens, their only hope for decent affordable housing lies in the City making an active and sustained commitment to supplemental funding of lower income housing.

The program proposed by the Housing Task Force has at its center the concept of a housing trust fund. Trust Fund proposal is for a $1,000,000 annual commitment to affordable lower income housing over the next decade.

Housing trust funds are a permanent, ongoing source of revenue, raised from a wide variety of sources and generally dedicated to the provision of housing for lower income families and individuals. Since their inception in the early 1980's, housing trust funds have been adopted by the cities of Sacramento, San Diego, San Francisco, Los Angeles, Palo Alto as well as by the State of California.

Early on, the Task Force members concluded that it was essential to propose a broadly based, locally generated, housing trust fund to provide gap financing to develop housing for lower income households. The Task Force identified several critical principles for the selection of housing trust fund revenue sources. These revenue sources must:

* **Be modest, fair and broadly based**
* **Generate significant new revenues for affordable housing**
* **Be non-regressive, that is fair to lower income households**
* **Be administratively efficient and cost effective**
* **As far as possible be dedicated to affordable housing**
* **Have a connection to affordable housing**
* **If necessary, be subject to a vote of the people**
* **Be consistent with and not preclude voluntary contributions**
* **Promote an aggressive City role in securing all available funds**

The Task Force in its deliberations followed a consensus building approach in identifying the problem and proposing solutions. The recommendations represent a "super-majority" recommendation of at least 2/3 of the Task Force Members with many recommendations being unanimous. While the self imposed 2/3 vote requirement slowed our deliberations, it also forged a unity of opinion on the essential principles and appropriate revenue sources to be included in a Housing Trust Fund.

The first section of this report is an executive summary of the entire report. The next portion of the report documents the affordable housing needs of lower income households based on data from the City's Housing Element, the regional fair share housing report and some early indications from the 1990 census. This section also provides an analysis of the social and economic costs to the community of having a large segment of its population living in overcrowded and inadequate housing. After that is a discussion of the Task Force's adopted goal statements. Next follows a description of the housing trust fund itself, its recommended revenue sources and the principles by which those sources were selected. The next topic is a description of an alternative proposal for the long term dedicated funding of our community's lower income housing needs. Then there is a description of a land acquisition program which contains density and financial incentives for the development of affordable housing within new developments. Then there is a brief summary of the ongoing administration of the housing trust fund. The overview is titled New Decade - New City Priorities and it identifies the need for a new local commitment to providing affordable lower income housing. The final section contain the report's conclusions and recommendations in summary form. A series of appendices of background data complete the report.

This trust fund proposal,because of its inclusion of new taxes and fees, will necessarily be controversial. Local government services are already hard pressed in Salinas. Requests for new revenues for other critical public purposes will complicate the Council's consideration of this proposal.

However, this report makes a compelling case that the lack of affordable housing is one of the most critical challenges facing our City and is at the root of many of our problems. The new Federal Housing Act now reinforces the need for local matching funds to qualify for federal monies as do recent bond issues.

We ask our fellow citizens and our decision makers to carefully review and consider the proposal we have put forward to address that problem.

EXECUTIVE SUMMARY

Faced with the need to generate local funds to help meet the General Plan's housing goal of making 10% of all new units affordable to lower income households, the Salinas City Council, at its meeting of December 5, 1989, directed the establishment of a Salinas Housing Trust Fund Task Force. Two weeks later, the City Council appointed a citizen task force with broad representation and the charge to recommend an affordable housing program and funding to meet the General Plan's affordable housing goal found in Policy 6.1.J (see appendix F, General Plan Housing Policy).

While the diverse representation of the Task Force membership added to our challenge in preparing an affordable lower income housing program it also provided a richness of experience and perspective that led ultimately to a more multifaceted and comprehensive approach. From the beginning, it was clear to the Task force that the problem was much larger than the resources available locally to address the problem. The initial focus of the Task Force was to define the problem and to identify what role a local housing trust fund could play in provided needed housing.

NEED FOR AFFORDABLE HOUSING

The need for an increased City effort to provide more affordable lower income housing was brought home to the Task Force members by these basic facts:

> 13,200 households or 40% of all City households were estimated to be lower income in 1990. For a family of four this means an annual income of less than $23,000.
>
> In 1980, 5,530 households or 42% of all of the City's renter households spent more than 30% of their income on housing costs. The number of overpaying renter households is expected to be higher in the 1990 census data.
>
> In 1980, 3,576 households or 13.3% of all households were overcrowded. Preliminary staff estimates for 1990 indicate that overcrowding has increased to 14%. **This is nearly twice the Statewide average.**
>
> The percentage of lower paying agricultural and retail jobs is expected to grow from its present 32.8% of all County employment today to 34% in the year 2000.
>
> Over the last decade virtually all of the City's single room occupancy housing and group farm worker housing has been lost to building closures or abandonment.
>
> A County commissioned study on the homeless found between one third to one half

(1,000-1,500 persons) of homeless persons County wide were found in Salinas.

The City's production of affordable lower income housing has plummeted due to the loss of State and Federal housing assistance, land development trends and newly adopted housing policies. Between 1980-85, the City assisted in the development of an average of 140 units of affordable housing per year. Since 1986, that annual average has dropped to only 35 units per year.

The adopted Regional Housing Needs Plan has a construction goal for the City of 16,233 lower income housing units needed by July 1996

Since it is currently estimated that only one household in four in the City could afford the median priced home, it is clear that home ownership for lower income households is virtually impossible.

Citywide vacancy rates have remained in the 1-2% range for most of the decade and resource and economic factors will continue to constrain housing development.

Land availability for affordable lower income housing has become more difficult due to the conclusion of in-fill development and the trend towards large, master planned communities.

Community concern about over building and inappropriate densities has led to adoption of housing policies which significantly limit the production of medium and high density housing, housing types most affordable to lower income households.

Based on a close examination of this data, the Task Force as a whole was forced to conclude that without a change of policy and resources, the community's affordable housing crisis will only continue to worsen. Besides the obvious moral issues involved in allowing a significant segment of the community to remain poorly housed or without shelter at all, there are some long term economic and social effects of continuing as we have until now.

The City's Economic Base Study, which established an adopted strategy to promote and enhance the City's economic health and well being found that:

"The future economic growth potential of Salinas is closely linked with the supply of affordable housing...... Efforts to increase the supply of housing in Salinas must be part of the City's overall economic development action plan".

According to a survey of municipal officials in 473 communities released by the National league of Cities, housing problems are growing substantially worse in cities and towns throughout the United States. **Furthermore, the lack of affordable housing was the most frequently cited barrier to economic growth in these communities.**

In addition to the problems of attracting new employees to support economic expansion, the Task Force recognized the progressive erosion of the purchasing power of a large segment of our existing population. Lower income households, who must apportion a large share of their income to pay for housing costs have less discretionary income to purchase other essential goods and services. This is evidenced by the City's continuing decline in our proportional share of the regional sales tax dollars.

There are a number of long term social implications to our failure to provide an adequate supply of affordable lower income housing for our citizens who need it. First, the City's burgeoning gang problem is fed from many sources, one of which is overcrowded and inadequate housing. While there is no simple causal relationship between poverty and social problems, there is evidence indicating that the persistent frustration of basic human needs leads to social and, ultimately economic costs in the form of recurrent anti-social behavior, and gang activity.

Health care for lower income households is complicated by inadequate housing. The community as a whole bears health care costs for preventable diseases which could in part be alleviated by the provision of decent affordable housing.

TASK FORCE GOALS

Early on the Task Force's deliberations they recognized, that due to the enormity of the City's affordable housing problem, the Housing Trust Fund could only address a small part of the overall unmet need. Consequently, they established the following goals for themselves to provide guidance for their further deliberations.

1. Funds generated by the Housing Trust Fund should be dedicated to assisting housing for lower income households (80% or less of County median income).

2. The Task Force strongly recommends that in the distribution of Trust Funds, consideration be given to the percentage of low and very low income households in the community.

3. The following special needs groups should be priorities for funding by the Housing Trust Fund:

    * Senior Citizens
    * Families
    * Farm Worker Households
    * Handicapped Households
    * Homeless Persons

After extensive discussion, it was the feeling of the Task Force members that there should

not be a comparative priority established for funding among these needs groups since the intent of the trust fund is to provide gap financing for needed lower income housing projects. In order to maintain program funding flexibility, it was agreed that no comparative priority be recommended.

HOUSING TRUST FUND PROGRAM

The Housing Task Force spent many months reviewing funding options for the trust fund from both operating trust funds and potentially available revenue sources. It was decided early on that the Salinas Housing Trust Fund would be sustained from a wide variety of sources so that the burden of providing for needed housing would be shared across the entire community. The principles applied to the selection of recommended revenue sources have already been mentioned. The Task force also adopted program criteria to guide the priorization of projects requesting housing trust funds. Those criteria are as follows:

1. Projects are leveraged by other available funds or measurable in-kind contributions.

2. Projects have a high percentage of new for-rent or for-sale lower income units. (All units are to affordable to households earning up to 80% of median income).

3. Projects for which City financial assistance is the critical component to ensure the production of lower income units.

4. Projects which will produce lower income housing within a short time frame.

5. The inherent economic feasibility of the proposed project in terms of the project's continued affordability based on the low income tenant's and'or owner's ability to pay.

6. The probability of the project's sucess based on the project sponsor's track record.

7. Projects which are constructed within the City of Salinas.

8. Project's which are consistent with the City's General Plan, especially its Housing Element and Land Use Element policies.

9. Projects which benefit specific target groups (farm workers, senior citizens, handicapped, homeless and families) as established in the Housing Element's special needs assistance.

The Task Force's final recommendations include an annual City housing funding commitment of $1,000,000, that it be derived from the following revenue sources:

- **Community Development Block Grant or redevelopment funds (\$200,000)**
- **A minimal citywide parcel tax (\$280,000)**
- **Business license taxes for manufacturing/agricultural uses (\$200,000)**
- **A modest commercial/industrial linkage fee (\$200,000)**
- **Modest increase in general fund revenues (\$120,000)**

Finally, the Task Force recommends that these revenue enhancements be put in place for a 10 year period and would sunset after that time. This will allow the City to work on longer term financing solutions for our affordable housing problem.

AN ALTERNATIVE PROPOSAL

While the Task Force as a whole favors a balanced and fair approach that taxes a number of different elements of the community, they also recognized the need to provide the City Council with an alternative which could provide for a longer term solution to our housing problems. In the Task Force recommendation, approximately one quarter of the revenue would be raised by a fixed fee parcel tax of approximately $11 per parcel. Alternatively, as a long range solution to providing a dedicated source of funds for affordable housing, the Council could consider placing the entire funding of the program on the parcel tax.
The inherent difficulties of this approach are pointed out in the main report and may be summarized as follows; it would be difficult to convince two thirds of the City's property owners to assume the full local share when most would see little connection between their property and the need for affordable housing; it would tax all equally even though commercial and industrial property owners have more impact on the need for housing; and it would place the funding decision affecting the housing needs of lower income households solely in the hands of the propertied, thereby politically dispossessing the 40% of the population that is most in need of help.

LAND ACQUISITION PROGRAM

Acquisition of land for affordable housing is becoming increasingly difficult in Salinas. While it has been possible in the past for affordable housing providers to acquire small in-fill sites on which to develop lower income housing, today these sites are extremely limited. Additionally, the City's future development trend is towards large, master planned communities the will be designed and built by large for-profit housing developers. The previous opportunities to pick up marginal or in-fill housing sites no longer exists.
It would be a strange irony if the Council were to adopt an affordable housing trust fund to assist in the construction of lower income housing and the City were to find that land was not

available on which to locate such housing because of previously approved precise plans.

To remedy this situation, the Housing Task Force established a Land Acquisition subcommittee and asked them to study the problem and propose a program to the Task Force. The subcommittee held approximately a dozen working meetings during which a three part program was developed, which was subsequently approved unanimously by the entire Task Force. The land acquisition program's three components are:

* Make the current General Plan goal of 10% of all new housing affordable to lower income households a mandate.

* Allow a modest increase in the density of the specific site on which low income housing is constructed in order to reduce the difference between the site's market value and the price that a non-profit housing developer can afford to pay. The project would also be entitled to the State mandated 25% project density bonus.

* Create an in-lieu fee program for developers so that if they choose not to provide affordable housing, they would have to pay an in-lieu fee for each unit they build. Of course, such developments would not be entitled to any type of density bonus.

TRUST FUND ADMINISTRATION

The Task Force also considered various administrative arrangements for the management of the Housing Trust Fund once it is adopted. After considerable discussion among themselves and with staff, the Task Force at their meeting of August 16, 1990 approved the following recommendation:

Committee Membership

City Council to appoint a Committee made up of nine members: seven individual Council appointees; one member from a community based, non-profit organization interested in housing; and a final member at large.

Committee Responsibilities

Develop and adopt policy and administrative guidelines.

Review applications and recommend projects to the City Council for funding.

Staffing

Staff support to be provided to the Committee.

Staff to be paid from funds other than Trust Fund monies.

Staff to perform administrative functions.

NEW DECADE - NEW PRIORITIES

The Task Force members are well aware of the complexity of issues facing the City Council. Local government in general and Salinas in particular is hard pressed to deliver even its traditional services at levels that the public has come to expect. The City's own financial destiny both at the community and organizational levels is dependent on the maintenance and enhancement of its economic base. Salinas now functions as part of larger economic and housing markets. If we are to maintain our role as the regional retail hub and as the agricultural centerof the County, then the City must make affordable housing a major priority for the 90's.

The lack of affordable housing for our citizens and employees is a significant contributor to traffic congestion, crime and the cost of controlling it, the instability of home life, higher health care costs due to overcrowding and inadequate housing and the gradual withdrawal of 40% of all City households from the economy because they must devote ever larger shares of their disposable income to be spent on shelter and related needs.

The Task Force concluded that the City's ability to address its existing needs can be reconciled with making affordable housing a major priority of local government. The program which the Task Force has put forward calls for the maximal use of existing governmental resources while asking for clearly justifiable and modest increases in traditional revenue sources. A business license taxes for agriculture and manufacturing, who account for 30% of the City's work force but currently pay no business license taxes, is justified. New commercial and industrial development in the City will generate significant demands for housing new employees, including many lower wage employees. Currently these developments do not have any obligation to make a proportional contribution to providing for housing opportunities for the least powerful of their employees. A carefully prepared and modest linkage fee for new commercial and industrial development is appropriate to pay for their share of the problem. The existing community also needs to contribute to addressing the existing affordable housing problem and the parcel tax and general revenue components of the fund were developed to fund the general pubilc's share.

CONCLUSIONS

The provision of affordable housing has grown more complex and demanding with each passing year. Traditionally, the responsibility for providing financial assistance for lower income housing has come from the Federal and State levels. Changing governmental philosophies and spiralling budgets have limited the availability of funds from these sources.

What monies are available are now requiring larger local matches to qualify.
Many communities have begun to recognize the need to more actively participate in the financing of affordable lower income housing through the development of local housing trust funds. Rapidly growing cities such as Sacramento and San Diego have been in the forefront in California in adopting local funds as their part of solution to this problem. The program presented in this report by the Salinas Housing Task Force is a balanced and carefully thought out package of recommendations which need to be given serious consideration by both the City Council and the general public. The proposed program is by no means a panacea since we know that the need is much greater than the mandate we urge to be adopted.

However, we do believe that the City can commit itself to providing funding assistance of $1,000,000 per year for affordable lower income housing. The long term economic and social benefits of that commitment far outweigh the immediate costs. We also believe that the program that has been put forward is balanced, fair and necessary to achieve an objective that the City has already committed in our adopted General Plan. One of the fundamental purposes of government at any level is to achieve for the community collectively what its members cannot achieve individually. We believe that the production of decent, affordable housing for a portion of our lower income citizens has to be an objective we commit ourselves to making happen.

THE NEED FOR AFFORDABLE HOUSING

The lack of an adequate supply of decent affordable housing is a well documented and long standing problem for Salinas. Although the city's housing market is less expensive than Monterey Peninsula cities, the relative affordability of available housing to local income is as critical here as anywhere in Monterey County.

First of all, the sheer size of our lower income population is growing at a rate consistent with our population as a whole or about 3% per year. In 1990, fully 40% of all city households or 13,200 households were estimated to be lower income. For a family of four this would mean an annual income of less than $23,000 per year. Clearly, home ownership is virtually impossible for households at this income level and there is growing indication that affordable rental housing is becoming more difficult to find.

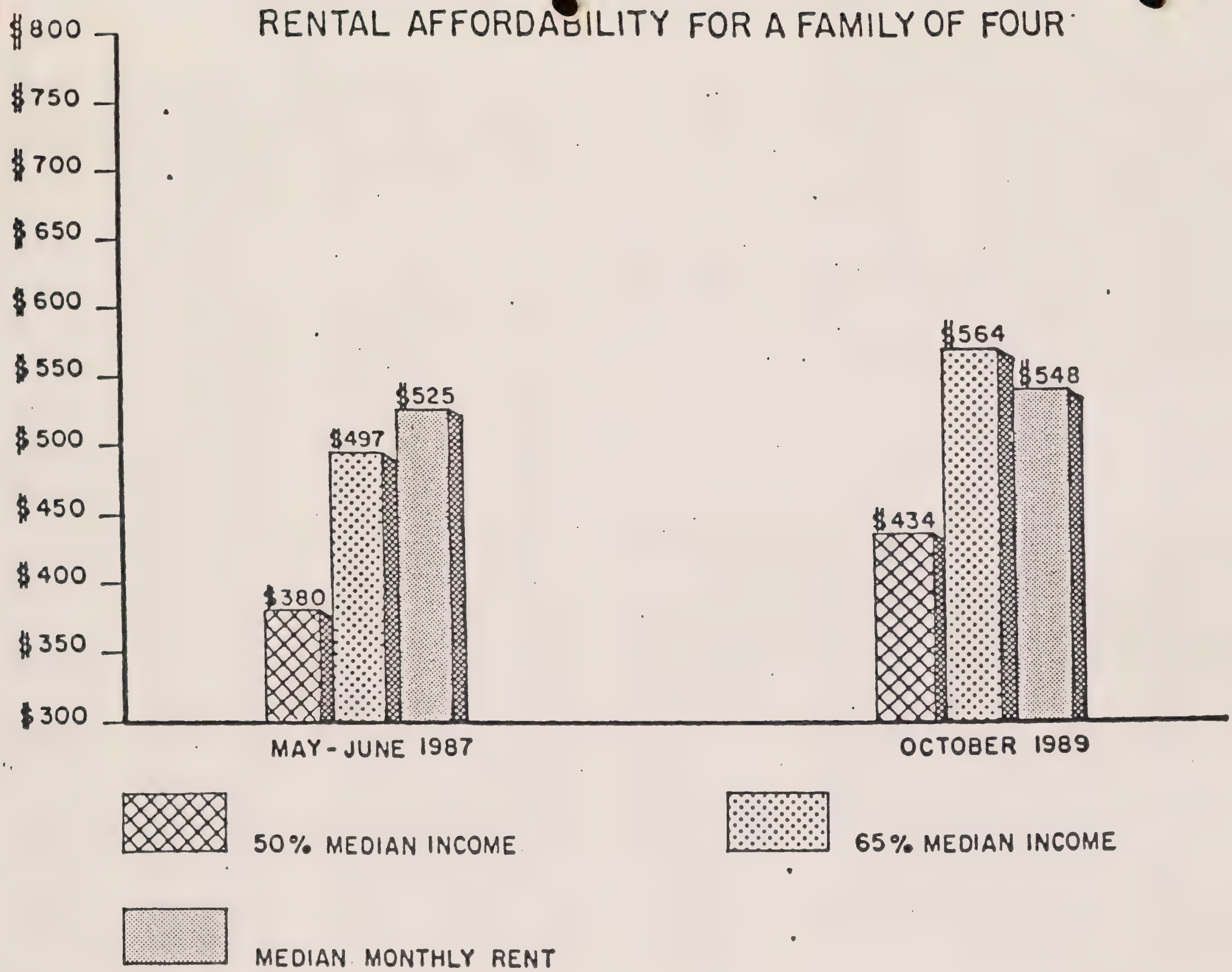
As of the last available census data (1980), 5,530 households or 42% of all city renter households spent more than 30% of their income on housing costs. These households are considered by conventional definition to be overpaying. The number of overpaying households in the 1990 census is expected to be even higher.

Overcrowding is another indicator of housing problems. As of 1980, 13.3% of all city households were overcrowded, which is defined as more than one person per room in a dwelling unit. However, rental unit overcrowding was 18.8% with more than half of those overcrowded units being severely overcrowded at more than 1.5 persons per room. The citywide overcrowding rate of 13.3% was already nearly twice the State average. The number and percentage of overcrowded units is expected to be higher in the 1990 census data.

Preliminary data from the Regional Population/Employment Forecast predicts that the percentage of lower paying retail and agricultural jobs county wide is expected to increase from 32.8% of all jobs at present to 34% by the year 2000. Since Salinas is both the county's retail and agricultural hub, many of those jobs and households can be expected to be in Salinas.

Regional projections for affordable housing are contained in the Regional Housing Needs Plan, which is adopted by the cities and AMBAG. The currently adopted document establishes a seven and a half year construction goal for the City of Salinas of 16,233 lower income housing units. While this is more than twice the number of units the city could build under its adopted population housing forecast, it points out the serious and overwhelming nature of the existing lack of affordable housing.

Vacancy rates for ownership and rental housing are an often used measure of the balance between housing supply and demand. Low vacancy rates are an indication of an inadequate


RENTAL AFFORDABILITY FOR A FAMILY OF FOUR
$800
$750
$700
$650
$600
$550
$500
$450
$400
$350
$300
$380
$497
$525
$434
$564
$548
MAY-JUNE 1987
OCTOBER 1989
50% MEDIAN INCOME
65% MEDIAN INCOME
MEDIAN MONTHLY RENT

supply of housing and a vacancy rate of 5% is suggested as the indication of a healthy housing market. Vacancy rates for housing in Salinas have hovered between 1-2 % for most of the last decade.

The city's has not been able to keep up with the demand for affordable housing over the last few years due to a wide variety of factors. During the early 1980's, the city had a reasonable supply of affordable, in-fill parcels, adequate funding for housing and densities to support affordable projects. Many of these factors have changed in the last few years and as a result the rate of affordable housing production has declined dramatically in Salinas.

First, land availability for affordable housing through the development of vacant, in-fill, multifamily sites is now virtually exhausted. The few remaining in-fill sites have serious constraints which prevent the development of any significant amount of housing. New development will now almost exclusively take place in large, master planned communities in which it is difficult for an affordable housing developer to buy into.

A second major constraint is that the Federal funding available through Block Grant for housing has been declining throughout the decade. Whereas, between 1980-85 the City was able to devote an average of approximately $400,000 per year to housing rehabilitation and construction activities, by the end of the decade that average had dropped to about $320,000 per year, or a 20% decline despite growing needs (See Appendix D, Community Development Block Grant Program Housing Activity Expenditures).

Finally, City policy regarding housing development and allowable densities has changed in recent years to reflect more appropriate development standards for multifamily housing construction. One of the major concerns of the General plan citizen review process is that inappropriately high housing densities were allowed in East Salinas for many years. New General Plan density standards allow more reasonable densities but also reflect a status quo concern for maintaining a majority of existing and new construction in the community as single family detached housing. When only one in four households in the community can currently afford the median priced single family home, then a policy mandating most new units be single family must be seen as a significant constraint on the production of affordable housing.

As a result of all these constraints, the City's rate of production of assisted affordable housing suffered a serious decline in the late 1980's. Between 1980-85, the City assisted in the development of an average of 140 units per year of lower income housing. Since 1986, that annual average has dropped to only 35 units per year (See appendix E, Lower Income Housing Within Salinas). **We are producing 75% fewer assisted housing units today than we did a decade ago.**

Preservation of existing affordable housing units has also complicated the City's ability to meet lower income needs. Over the last decade, virtually all of our farm worker housing and single room occupancy units have been lost through Health Department closures, private

demolition or the 1989 earthquake. The City's homeless population is variously estimated at between one third and one half of the County's 3,000 persons.

The long term social impact of not meeting our community's affordable lower income housing needs can be seen in a variety of ways, including spiraling health care costs for preventable diseases, gang related problems, traffic congestion due to the lack of affordable housing near jobs and the increasing division of our society in those who have their basic needs met and those who must struggle on a daily basis to do so.

Shelter, like food, is a basic human need. Inadequate housing can effect our youth in some of the same ways as malnutrition: by reducing resistance to disease and by encouraging despair. Overcrowded and substandard housing not only effects the health of the occupants, but affects the overall health of the neighborhood as well. Deteriorated housing reduces the value of neighboring property. A lack of standard affordable housing reduces market incentives for normal maintenance and repairs.

A lack of affordable lower income housing for Salinas has other serious long term economic impacts for both lower income households and the community as a whole. Lower income households who must "overpay" to secure adequate shelter must use large portions of their discretionary income just to meet their basic shelter needs. This leaves less income for discretionary expenditures to help them improve themselves and the make a future for their children.. The community, in turn has less discretionary income to recycle through the economy for other goods and services because it is already tied up in shelter. It appears that this may be a contributing factor to the stagnant position of Salinas in the regional economy despite the fact that we are adding more households than other jurisdictions.

HOUSING TRUST FUND PROGRAM

The Housing Task Force knew early on in their deliberations that the affordable housing problem would be a very difficult problem to address. To aid their review and recommendation process, they adopted the following goals for themselves to provide guidance for their review of revenue sources.

1. Funds generated by the Housing trust Fund should be dedicated to assisting housing for lower income households (80% or less of median County income).

2. The Task Force strongly recommends that in the distribution of Trust Funds, consideration be given to the percentage of low and very low income households in the community.

3. The following special needs groups should be priorities for funding by the Housing Trust Fund:

    * Senior Citizens
    * Families
    * Farm Worker Households
    * Handicapped Households
    * Homeless Persons

The Trust Fund program that the Task Force recommends also was designed to meet the following principles for the selection of revenue sources:

1. Be modest, fair and broadly based so that no one segment of the community shoulders an unfair burden.

2. Generate significant new money and require no expenditure of current general funds.

3. Be dedicated, as far as possible, to affordable housing and not become new general fund sources.

4. Be non-regressive and fair to lower income households.

5. Be administratively efficient and easy to collect and account for.

6. Have a connection of some sort to affordable housing.

7. If necessary, be subject to a vote of the people to implement.

The Task Force recommends that a flat fee parcel tax of approximately $11 per parcel to raise an annual total of $280,000 be placed before the electorate at the earliest appropriate time.

MANUFACTURING/AGRICULTURAL/PROFESSIONAL CONTRIBUTIONS

One of the inequities that the Task Force discovered during the course of their investigations was the astounding fact that neither agricultural employers (with the exception of produce brokers) nor the city's manufacturer's currently pay any business license tax. Together these sectors of the economy account for over 30% of all employment in the city and have a substantial impact on the demand for affordable housing. Additionally, professional businesses in the community currently pay a very modest business tax ($50 per professional and $10 per employee), which has not been adjusted since 1968.

The Task Force recommends that the existing exemptions for agricultural and manufacturing firms from the business license tax be repealed and that the professional business license tax be modified to a fee of $75 per professional or firm for manufacturing or agriculture and $15 per employee to raise a total of $200,000 per year for affordable housing.

COMMERCIAL/INDUSTRIAL LINKAGE FEE

New commercial and industrial development benefits the community in many ways but it also place increased service demands on the community, including demands for affordable housing for new employees of such uses. Staff prepared housing mitigation formulas for various commercial and industrial land uses based on available data about the employment densities of such land uses. Subsequent calculations of the number of employees per household, number of dual wage earner households, and the presumed number of lower income households generated are depicted in Appendix F, Housing Mitigation Formulas. Based on that study, staff conservatively estimates that new commercial/industrial development generates the need for between 17 to 94 lower income housing units needed per 100,000 square feet of new construction. Business Park and Office uses have the highest affordable housing impact , whereas General Industrial has the lowest. The actual fees are based on a 10% low income housing goal rather than the community's current 40% average demand. The County's Economic Development Commission officer did not believe that the level of fees the Task Force was proposing would serve as a significant deferent to new development.

The Task Force recommends that a set of Commercial/Industrial linkage fees be adopted to raise $200,000 per year and that those funds be dedicated to the affordable Housing Trust Fund.

AN ALTERNATIVE PROPOSAL

Within the Task Force, a great deal of time was spent on discussing appropriate revenue sources which could be used to finance a housing trust fund. The program which has been described was subjected to careful review and debate over a number of months an is the preferred recommendation of the Task Force. However, in an effort to provide the Council with a more long term alternative, an alternative proposal is also presented.
Since the vast majority of the community's lower income housing needs are already present and are therefore the responsibility of the existing community, the Task Force wanted to present a means for the existing community to assume the funding burden for this housing need. The alternative proposal would be a citywide parcel tax on all parcel of approximately \$38-40 per year which would raise the required \$1,000.000 entirely from this source.

The advantage of this approach is that all property owners in the community would participate in addressing the problem through a single mechanism. However, the disadvantages include selling the issue to the general public for a 2/3 approval, the possible inequities between commercial and industrial properties which affect housing demand and residential properties which meet it and the timeliness of this issue as a ballot measure.

Since the comprehensive proposal featuring a mix of revenue sources is designed to sunset in ten years, the alternative proposal could be viewed as a strategy which could be considered once the multi-source housing trust fund had done its job.

LAND ACQUISITION PROGRAM

Acquisition of land for affordable housing is becoming an increasingly difficult endeavor in Salinas. While in the past it has been possible for non-profit developers to acquire small, in-fill parcels on which to develop lower income housing, today these sites have virtually disappeared. Additionally, the City's future development trend is towards large, master planned communities that will be developed and built by large development firms. The previous opportunities to pick up marginal or in-fill sites no longer exists. It would be a strange irony if the City Council were to adopt an affordable housing trust fund to assist in the construction of lower income housing and the City were to find that land was not available on which to locate such housing.

To remedy this situation and to ensure that to the degree possible affordable lower income units are incorporated into new development projects, the Housing Task Force established a Land Acquisition Subcommittee to study the problem and propose a program to the Task Force. The recommended Land Acquisition Program, which was adopted unanimously by the Housing Task force, includes the following components which are more fully explained in Appendix A attached at the end of this report.

> **Make the current General Plan goal of 10% of all new housing in projects of 20 or more units affordable to lower income households a mandate.**
>
> **Allow a modest increase in the density of the specific site on which the affordable units are built in order to reduce the difference between the site's market value and the price that a non-profit housing developer can afford to pay. The project would also receive an overall 25% density bonus.**
>
> **Create an in-lieu fee program for developers so that if they choose not to provide affordable housing they would have to pay an in-lieu fee. Of course, such units would not be entitled to any density bonus.**

ADMINISTRATION OF THE TRUST FUND

The Housing task Force devoted serious consideration to the ongoing administration of the trust fund once it is implemented. After considerable discussion among themselves and with staff, the Task Force at their meeting of August 16, 1990 approved the following recommendarions:

Committee Membership

City Council to appoint a Committee of nine members: seven individual Council appointees: one member from a community based, non-profit organization interested in housing : and a final member at large.

Committee Responsibilities

Develop and adopt policy and administrative guidelines.

Review applications and recommend projects to City Council for funding.

Staffing

Staff support shal ba provided to the Committee.

Staff to be paid from funds other than Trust Fund monies.

CONCLUSIONS

The affordable housing policy that the City Council asked the Task Force to fund is essential to the long term economic and social health of the City. The program that has been developed seeks to provide a local based, fair and equitable means of meeting that goal. The annual fund of $1,000,000 is the minimum necessary to provide the necessary gap financing to construct affordable rental units. The Task Force's diversity, its willingness to evaluate a wide range of sources and its recommendations for specific sources are the hallmarks of a comprehensive analysis of a complex problem. The program proposed in this report is not perfect, but it represents the thoughtful conclusions of a panel of concerned and dedicated citizens.

In summary, we have recommended the program in this report because we believe that it:

Meets the funding need imposed by the General Plan Affordable Housing Goal.

Presents a program that spreads the burden of an existing community problem fairly.

Provides for community input on the use of Housing Trust Funds.

Eliminates existing tax inequities.

Makes maximum use of existing City revenues for housing

In conclusion, it is hoped that the decision makers and members of the public give due consideration to the recommendations contained in this report and that they join with the Salinas Housing Task Force in making a commitment to providing decent housing for all members of our community.

APPENDIX A
LAND ACQUISITION SUBCOMMITTEE REPORT

Date: August 27, 1990
To: Housing Trust Fund Task Force
From: Land Acquisition Subcommittee
Subject: Final Subcommittee Report

Background

At the January 18, 1990 meeting of the Housing Trust Fund Task Force, Chairman Brian Finegan established a Land Acquisition Subcommittee of the Task Force chaired by John Klevins, and including Ray Bolinger and Ed Moncrief as its other members.

The subcommittee's charge was to explore alternative methods for insuring that there would be land available for the development of lower income housing as the community develops.

Over the last 7 months, the subcommittee has met regularly and has explored various ways to meet this goal. Eventually, we developed 5 options for consideration by the full task force and took this to them at their May 3, 1990 meeting. After extensive discussion, the Task Force voted 9 to 2 to direct the subcommittee to further study and develop proposals for option #4. This option mandated a developer committment to provide 10% of their project's units for lower income households. In exchange, the developer would be entitled to a project-wide 25% density bonus and an assisted site density bonus for the lower income site itself. Developers would also have an option of paying an in lieu fee. Additional flexibility is provided by allowing their housing obligation to be met either on or off-site and by either the market rate developer or another party.

Staff and the subcommittee have continued to explore both the technical and policy considerations of this option and these issues are outlined within this report in a variety of ways. The first component is a key issues policy sheet which identifies the major concerns raised by staff and the subcommittee as they explored the realities of implementing a mandatory affordable housing program. Next a flow chart depicts the decision making options and process for a developer at each stage of planning a housing project. Finally, we have included a narrative which explains each decision step and the policy issues it raises and the subcommittee's recommended resolution of those policy issues.

We believe that this report answers the key questions stemming from option #4 and we respectfully submit it for your consideration.

John Klevins Ray Bolinger Ed Moncrief

KEY POLICY ISSUES

The subcommittee presented a range of optional land acquisition programs for the Housing Trust Fund Task Force's review and consideration. Option #4 was selected by the Task Force members (on a 9/2 vote) for further study and refinement by the subcommittee. The basic concept contained in Option #4 is that the City's General Plan affordable housing goal of 10% of all new housing (in projects over 20 units) will be a <u>mandate.</u> However, the range of choices available to developers in how to meet this mandate would expand. Under current General Plan policy, a project's affordable housing must be provided on-site and in lieu fees are not allowed to substitute for the provision of housing.

Option #4 would allow a project of over 20 units to meet its affordable housing requirement in one of five ways. The developer could build the affordable units themselves either on or off-site. A second option is to allow a non-profit to build the required units on or off-site. Finally, developers also have the option of paying in lieu fees to the housing trust fund as an alternative to the direct development of affordable housing. An additional incentive is offered developers under the first four options is that an assisted site density bonus would be granted in exchange for the development of lower income housing. For instance, if a developer proposed to provide housing affordable to lower income households, the City could grant that particular site an assisted site density bonus of up to 33% over otherwise allowed densities.

The implications of these choices are explored in this report in a question and answer format.

1. What are the limits for the assisted site density bonus?

The purpose of this bonus is to ensure the provision of assisted housing while keeping development within an acceptable density context for the community. The attached paper entitled "Assisted Site Density Bonus Negotiation Guidelines" (page 6), proposes that the rules are different for bonuses depending on whether the assisted units are built on or off-site. On-site density bonuses are allowed to increase the assisted site's density only by the difference between the net and gross densities allowed in each residential density category (Table 2, Page 9). For instance, in low density areas, sites are allowed to develop up to 5.31 units per gross acre with a 25% overall density bonus. The site assisted density bonus increases the allowable density for just the assisted site itself up to 7.08 units per gross acre (this is the number of units currently allowed in low-density per

net acre). Since only 10% or less of the site is devoted to affordable housing, the actual overall density increase of the project site after applying the assisted site bonus is only about 3% or 5.49 units per gross acre. The assisted site is allowed more units but would still be within the acceptable range for low density in-fill developments.

Off-site in-fill parcels already enjoy a density range that tops out at 13-20% higher than similar residential sites in conditional growth areas. For instance, in-fill low-density sites can develop up to 8 units per net acre whereas new growth areas can only build at 7.08 units per net acre or 13% less than the top of the infill range. In high density areas the range extends to 20% higher - up to 24 units per net acre. Based on these existing differences, the assisted site density bonus for infill areas should be allowed only if needed to provide an equivalent incentive. Therefore, rather than allowing the on-site's assisted site density increase of 33% for low and medium sites (which for in-fill would then allow up to 10.66 units/acre in low and 20 units/acre in medium), no in-fill site assisted bonus is proposed. Generally, no in-fill site would be granted a site assisted density bonus since its existing density range exceeds what is allowed for on-site development even with the site assisted density bonus.

2. What methods should be used to figure the land value differential between the market and "non-profit" values of the affordable housing site?

The market value should be based on an MAI appraisal of the number of market rate lots permitted on the site with the overall 25% density bonus figured in but without the site assisted density bonus. For instance, a development of 100 units of detached single family housing requires a 18.8 acre site in a conditional growth area at 5.31 units per gross acre assuming the 25% density bonus. The project's affordable component of 10 lots would be accomodated on a 1.88 acre portion of the site. An MAI appraisal of the site for 10 lots, at an assumed land value of $50,000 per developed lot, yields a market value of $500,000 for the site.

The non-profit value of the site is based on what the non-profit developer can pay for the lots after factoring in all available subsidies (low interest loans, State assistance, trust fund etc.) for households up to 80% of the County's median income. For ownership housing, the typical non-profit in today's market can pay up to $30,000 per developed lot utilizing these subsidies based on what the affordable housing payment could be for a household at or below 80% of County median income.

If the site assisted density bonus were applied to this site (1.88 acres times 7.08 units per gross acre equals 13.3) then 13

units would be allowed on the site. Based on a non-profit value of $30,000 per unit, the site's overall value would be $390,000 (13 x $30,000).

This leaves a developer shortfall of $110,000 below the market value of the land. If this shortfall were spread across the entire development of 90 market rate units, it would amount to a per unit subsidy of $1,222 per unit.

Prior to final agreement about these land values and the differential between them, the land value data and calculations will be reviewed by the City, non-profit and market rate developers.

3. When should the assisted units be built during the process of project development?

The interests of the market developer and the public differ on this; the market developer preferring to meet this requirement as late as possible in the development process and the public wanting the affordable housing provided as early as possible. The subcommittee's recommended compromise is that prior to the issuance of more than half of the project's residential building permits, map approval for the affordable ownership units or site plan permit approval for affordable rental units needs to be obtained. This would assure the community that the affordable housing units will be developed within a reasonable time.

4. For offsite development, what guidelines would control the location of the assisted units?

Based on guidance from the General Plan's policies (6.1.O and 3.3N) the subcommittee recommends allowing off-site development within the city and in the same General Plan area as identified in Figure 1 of the General Plan (attached as page 8). This ensures that the provision of off-site affordable housing is reasonably related to the development and prevents one area of the community from being inundated with assisted units.

5. Is the increased density from the assisted site density bonus be consistent with existing General Plan policies?

Policy 3.3K calls for maintaining a predominant single family detached character to the mix of units proposed in new developments (minimum of 55% detached single family). While the increased density bonus incentive results in a slight increase in medium or higer density units, the degree of change proposed is minimal and well within the intent of this policy. Table 2, (attached as page 9) which sets allowable densities for residential projects would have to be revised by a footnote to indicate the assisted site bonus. Clearly, policy 6.1J, which now sets a 10% housing <u>goal</u> will have to be revised to reflect a mandated program. That policy would also have to be expanded to

included an in lieu option.

6. Under what circumstances are developments exempt from or allowed to pay an in lieu fee as an alternative to constructing affordable housing?

Clearly projects of fewer than 20 units are exempt from any affordable housing requirement under the current General plan and this would continue. For other projects, the subcommittee explored project size as a means of identifying which projects were not feasible for the inclusion of affordable housing. However, after deliberating on this issue the subcommittee chose not to recommend any restrictions on the size of projects that can pay an in lieu fee.

7. What should be the amount of the in lieu fee and how should it be calculated?

Projects not building affordable units do not qualify for either the 25% overall density bonus or the assisted site density bonus. The fee is equal to the differential between the assisted site's market and "non-profit" land values (as discussed in answer #2), prorated for each unit at the issuance of building permits. For a site allowing 80 units without the 25% density bonus the affordable housing obligation would be 10% or 8 units. If the differential in land values between the market and non-profit prices is $20,000 per unit, then the per unit in lieu fee for each of the project's 80 units is $2,000. (8 affordable sites x

$$\$20{,}000 \text{ per site} = \frac{\$160{,}000}{80 \text{ units}} = \$2{,}000 \text{ per unit}$$

ASSISTED SITE DENSITY BONUS NEGOTIATION GUIDELINES

When a housing developer proposes to meet his affordable mandate of 10% of all units for lower income households by building lower income housing, then that portion of the development devoted to lower income housing would qualify for an assisted site density bonus. This bonus would be in addition to the overall site density bonus for the development of 25% The location of assisted housing (on or off-site) determines which set of density rules apply. Each situation is depicted below:

Situation 1
On site Provision of Assisted Housing*

Land Use Designation	Base Density	Average Base Density **	Site Asst. Density #	Overall Density ##
LOW DENSITY				
per Net Acre	5.67u/ac	7.08u/ac	9.44u/ac	7.31u/ac
per Gross Ac.	4.25u/ac	5.31u/ac	7.08u/ac	5.49u/ac
MED DENSITY				
per Net Acre	10.67u/ac	13.33u/ac	17.73u/ac	13.78u/ac
per Gross Ac.	8.00u/ac	10.00u/ac	13.33u/ac	10.33u/ac
HIGH DENSITY				
per Net Acre	16.00u/ac	20.00u/ac	22.22u/ac	20.22u/ac
per Gross Ac.	14.40u/ac	18.00u/ac	20.00u/ac	18.20u/ac

* Assumes that density bonus is used in a Cond. Growth Area.
** Applies only in Conditional Growth Areas.
\# Density for Assisted site only.
\## Overall site density with both bonuses counted.

Allowable densities would depend on project type with family housing typically at densities no greater than 15 units/acre but seniors going up to 22 units/acre.

For on site projects, the addition of a site specific density bonus for the lower income site itself will only boost the overall site density from 1 to 3%. Low density would go from 7.08 to 7.31 units per net acre, medium density from 13.33 to 13.78 units per net acre and high density from 20 to 20.22 units per net acre or just over 1%

Offsite density bonuses are more complicated since the General Plan establishes a greater range of allowable densities for in

fill areas. Generally, the infill density ranges are 12-20% higher the densities allowed under the average base densities permitted for the Conditional Growth areas as depicted in situation 2 below. Therefore, the additional densities allowed for these off-site infill areas should be less than those in the new growth areas. Situation 2 illustrates staff's recommendation for these areas.

Situation 2
Off site Provisions for Assisted Housing*

Land Use Designation	Base Density Range **	Base Density Range for Assisted Sites
LOW DENSITY		
per Net Acre	1.00-8.00u/ac	1.00-8.00u/ac
per Gross Acre	.75-6.00u/ac	.75-6.00u/ac
MEDIUM DENSITY		
per Net Acre	8.00-15.00u/ac	8.00-15.00u/ac
per Gross Acre	6.00-11.25u/ac	6.00-11.25u/ac
HIGH DENSITY		
per Net Acre	15.00-24.00u/ac	15.00-24.00u/ac
per Gross Acre	13.5- 21.6u/ac	13.5 -21.6u/ac

* Assumes that density bonus is used in an infill area of City
** Existing range allowed under General Plan.

Negotiations to determine how much of an assisted density bonus increase should be allowed on a site must be based on certified data documenting the market and "non-profit" land values for the site. Both of these values need to be verified by the City. The market value of the assisted site would be based on an MAI appraisal of the site's land value for the number of market rate units that would be allowed without the assisted housing density bonus. The "non-profit" value of the land would be based on the reasonably assumed subsidies, and other assistance and the non-profit rent or house payment for the site with the site specific density bonus. The intention of the additional bonus is to reduce the gap between these values, however it is not a priority to close the gap entirely, although that is allowed if it happens.

This map is a part of the General Plan

FIGURE 1:
EXISTING URBAN AREA AND CONDITIONAL GROWTH AREAS

- SECTOR BOUNDARY
- EXISTING URBAN AREA
- CONDITIONAL GROWTH AREAS
  - ANNEXED 1988
  - NOT ANNEXED 1988

0 3,000 6,000 FEET 2 MILES

BLAYNEY-DYETT, URBAN AND REGIONAL PLANNERS

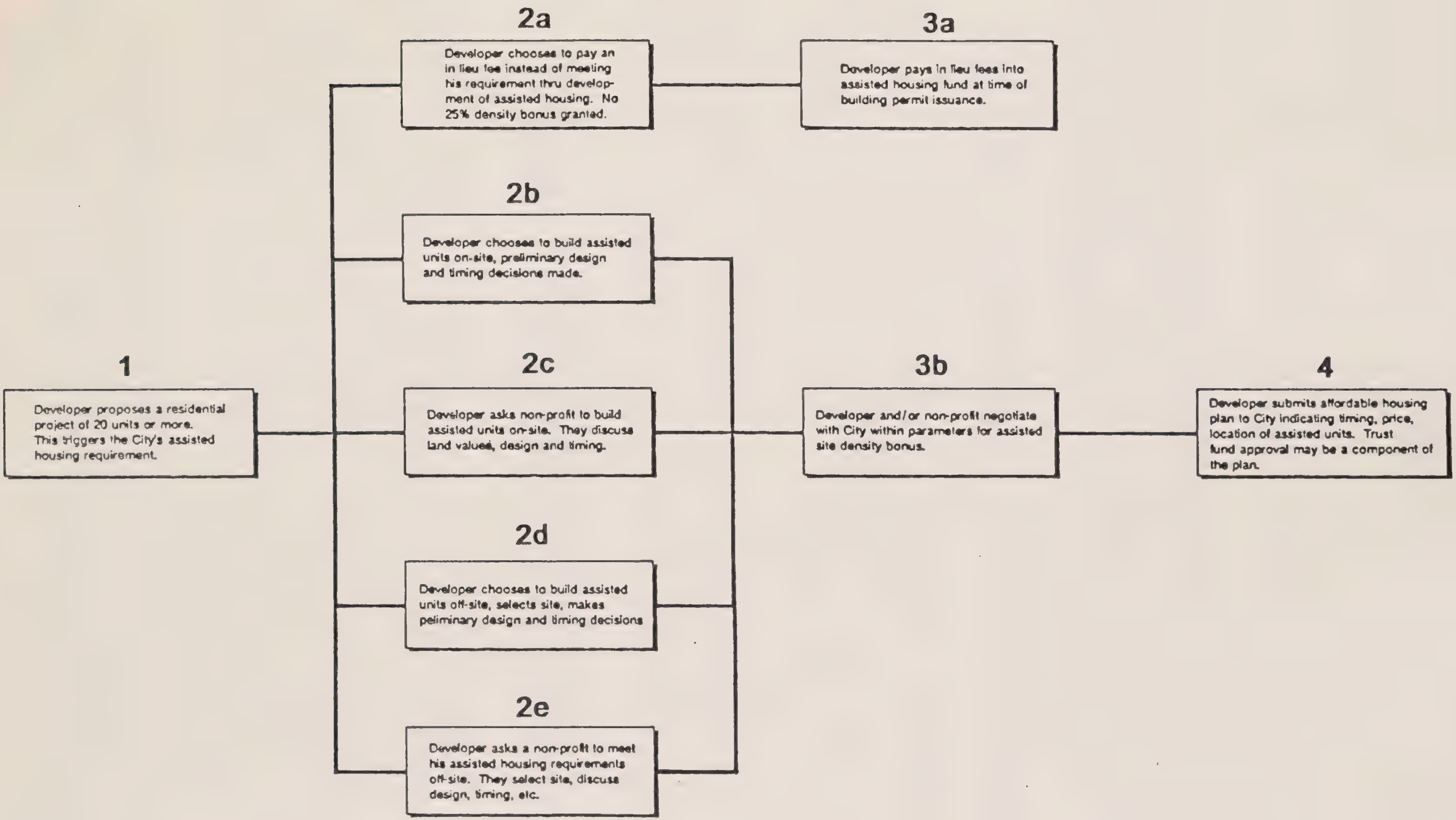
The average densities specified in the following paragraphs establish the maximum number of units to be permitted on a parcel or within the boundaries of a Precise Plan as determined by the land area of each density shown on the General Plan map.

TABLE 2
GENERAL PLAN RESIDENTIAL DENSITIES

Land Use Designation	Base Density Range	Average Base Density[1]	Average Density with 25% Bonus[1]
Low Density			
Per Net Acre	1.00 - 8.00	5.67	7.08
Per Gross Acre	.75 - 6.00	4.25	5.31
Medium Density			
Per Net Acre	8.00 - 15.00	10.67	13.33
Per Gross Acre	6.00 - 11.25	8.00	10.00
High Density			
Per Net Acre	15.00 - 24.00	16.00	20.00
Per Gross Acre	13.50 - 21.60	14.40	18.00
Central City			
Per Net Acre	28.00		

1. Applies only in Conditional Growth Areas

ASSISTED HOUSING PROCEDURES



ASSISTED HOUSING PROCEDURES NARRATIVE

The proposed policy for ensuring land acquisition of sites for affordable housing development contains a series of options for meeting a development's affordable housing obligation. The attached flowchart entitled "Assisted Housing Procedures" depicts the range of options available to the developer. This narrative is intended to more fully inform the reader about those choices and the implications of each choice.

STEP 1. "A DEVELOPER PROPOSES A RESIDENTIAL PROJECT OF 20 OR MORE UNITS. THIS TRIGGERS THE CITY'S ASSISTED HOUSING REQUIREMENT".

Any project which will ultimately contain 20 or more units would be required to meet an affordable housing obligation. Currently, this is done by submittal of an affordable housing plan indicating how the 10% affordable housing goal is met. This policy would enlarge and diversify that goal and make it a requirement which could be met by one of five options:

* developer pays an in lieu fee for affordable housing (2a)
* developer builds the assisted units on-site himself (2b)
* non-profit builds the assisted units on-site (2c)
* developer builds the assisted units off-site himself (2d)
* non-profit builds the assisted units off-site (2e)

STEP 2a. "DEVELOPER CHOOSES TO PAY AN IN LIEU FEE INSTEAD OF MEETING HIS REQUIREMENTS DIRECTLY THROUGH THE DEVELOPMENT OF ASSISTED HOUSING. NO 25% DENSITY BONUS GRANTED".

The developer pays a fee, equal to the differential in land values between market and non-profit values, for that portion of his property that would have to accomodate the affordable units. The market value of the property would be determined by an MAI appraisal as noted on the policy sheet (Answer #2). The non-profit value would be determined by an analysis of the affordable price a non-profit developer could pay for the land, based on typical or available subsidies and income levels of the potential renters or homeowners. The difference between these costs establishes the fee which would be divided by the number of units allowed in the project without any density bonuses calculated.

STEP 2b "DEVELOPER CHOOSES TO BUILD ASSISTED UNITS ON-SITE, PRELIMINARY TIMING AND DESIGN DECISIONS MADE".

Developers who choose to build assisted units on-site are entitled to a 25% project density bonus and up to a 33% assisted-

site bonus. The assisted units must be designed for the site; must be within the subdivision; and must have their map approved prior to the midpoint of the project's residential development.

STEP 2c "DEVELOPER ASKS NON-PROFIT TO BUILD ASSISTED UNITS ON-SITE. THEY DISCUSS LAND VALUES, DESIGN AND TIMING".

Developers who work with non-profit builders to meet their affordable housing requirements have the same incentives as they did in step 2b but they have the additional challenge of integrating another builder's housing product within their subdivision. Together they will need to identify the appropriate project site, determine the land value differential of the site, discuss design, density and amenity issues for the assisted units and agree on the timing of the assisted unit development (map approval must occur prior to midpoint of residential project's permit issuance).

STEP 2d "DEVELOPER CHOOSES TO BUILD ASSISTED UNITS OFF-SITE, SELECTS SITE, AND MAKES PRELIMINARY DESIGN AND TIMING DECISIONS".

Developers who choose this option must select a residential site from within the same planning area as their project(depicted in Figure 1 from the adopted General Plan attached as Page 8). The off-site assisted density bonus is subject to the standards of Table 2 as depicted in the negotiation guidelines. Design of the project would be subject to City review.

STEP 2e. "DEVELOPER ASKS NON-PROFIT TO MEET HIS ASSISTED HOUSING REQUIREMENTS OFF-SITE. THEY SELECT SITE, DISCUSS DESIGN AND TIMING DECISIONS".

This involves the ame steps as occured in 2c but here the market rate and non-profit must work out design and development timing issues for an off-site project built by the non-profit developer.. Therfore, the selection of the site and the design and timing of the project must be resolved early in the process. Off-site density bonuses are subject to the same potential restrictions as noted in 2d.

STEP 3a. "DEVELOPER PAYS AN IN LIEU FEE INTO THE ASSISTED HOUSING FUND AT THE TIME OF BUILDING PERMIT ISSUANCE".

The per unit fee developed in step 2a would be collected for each project unit at the time of building permit issuance. That money would go into the housing trust fund to assist the development of affordable units.

STEP 3b "DEVELOPER AND/OR NON-PROFIT COME TO AGREEMENT WITH CITY WITHIN PARAMETERS FOR ASSISTED-SITE DENSITY BONUS"

Based on the discussions between the market rate and non-profit

developers, the assisted site's proposed design and density are reviewed by City staff for conformance with General Plan and zoning as well as neighborhood compatibility. The proposed unit mix and land value calculations will be reviewed by the City and the developers with the City verifying the calculations of all parties prior to final ageeement.

STEP 4 "DEVELOPER SUBMITS AFFORDABLE HOUSING PLAN TO CITY"

Prior to the formal approval of the project at map stage, the developer must submit an affordable housing plan which meets the requirements of the General Plan and this policy. The plan needs to indicate who, where, when, and how the project's affordable units would be maintained for long term affordability (minimum of 30 years). This plan would need to be approved by the Director of Community Development prior to the approval of the project's tentative maps.

LAND ACQUISITION PROGRAM GLOSSARY

Affordable Housing Goal. The existing General Plan goal that 10% of all new housing units in projects over 20 units be affordable to lower income households.

Assisted Housing. Housing for lower income households which receives City subsidies through Community Development Block Grant, Housing Trust Fund, fee waivers or other City financial assistance.

Assisted-Site Density Bonus. An additional density bonus granted for on-site provision of affordable housing which raises the allowable density of the assisted housing site itself.

Conditional growth Areas. As shown on Figure 1, page 8, land designated for potential urban development which is outside of the Existing Urban Area of the General Plan.

In-Fill Parcels. Properties surrounded by existing urban development and within the Existing Urban Area as shown on Figure 1, page 8.

In Lieu Fee. A fee which is the per lot differential between the market and non-profit values of the assisted site without any density bonuses calculated into the entitlement.

Lower-Income Households. Households whose income is 80% or less of the County's median income.

Market Value. The MAI appraised value of the assisted-site at densities allowed with the 25% project-wide density bonus but without the assisted-site density bonus.

Non-Profit Value. The land value of the assisted-site based on the available subsidies and the potential housing payment of project residents.

Off-Site Development. Development of a project's assisted housing units on in-fill urban lots within the Existing Urban Area as noted on Figure 1, page 8.

On-Site Development. Development of the assisted housing units within the same project that has the assisted unit obligation.

Project-Wide Density Bonus. The 25% density bonus provided by the General Plan for Conditional Growth Areas for project's meeting their 10% affordable housing goal.

APPENDIX B
COMMERCIAL/INDUSTRIAL LINKAGE FEE STUDY

COMMERCIAL/INDUSTRIAL LINKAGE FEE UPDATE

Previously staff analyzed the cost per square foot if the City's linkage fee goals were $250,000 or $375,000. If the Task Force were to consider a linkage fee to meet an annual funding goal of $200,000, the following analysis should prove useful. Based on the historic development figures noted for the commercial and industrial land use types noted below and in the previous attached summary, the following linkage fees would generate the required revenue stream.

COMMERCIAL/INDUSTRIAL LINKAGE FEES

Land Use	Annual Sq.Ft.(1)	Asst. Units (2)	Fee at $8,220 (3)	Revenue (4)
Retail	71,500	8.58	$1.00/sf	$71,500
Office	33,400	7.75	$1.90/sf	$63,460
Gen. Comm.	8,500	1.02	$1.00/sf	$ 8,500
Gen Indust.	160,000	6.98	$ .36/sf	$57,100
Total/Ave.	273,400	24.33 units	$ .73/sf(5)	$201,060

Footnotes

1. Annual Square footage is based on historic building permit data for 1986-1989.
2. Number of assisted housing units generated by the development is based on the previously developed analysis that calculated how many lower income households would be generated for specific land uses.
3. Assisted housing fee is set at $8,200 per generated unit because on an annual basis, new development generation rate of 24.33 units, divided into the annual goal of $200,000 would produce an average unit cost of $8,220.
4. Linkage fee revenue of $201,060 per year is derived by multiplying data from column 1 times data in column 3.
5. The $.73/square foot average cost for new construction is derived by addiing the proportional costs of each typical land use together to get the average aggregated cost.

COMMERCIAL/INDUSTRIAL LINKAGE FEES
AN UPDATED ANALYSIS 8/1/90

The Task Force may wish to consider a commercial/industrial linkage fee as a means to finance a significant component of the fee based $400,000 annual goal for the trust fund. Previously, in your April 5 packet, (attached) staff prepared an analysis which showed that if the 10% assisted housing goal were applied to the housing generated by new commercial and industrial development, then between 4 (general industrial) and 24 (office) units of assisted housing would be needed for each 100,000 square feet of new development.
The essence of the linkage fee is to recover some of the cost of additional lower income housing demand that new commercial and industrial cause by adding to the community's population. Since the most recent estimates indicate that approximately 39% of the City's households are lower income, a 10% goal for new development is clearly justifiable and weel below the actual impact of new development.

The staff's previous estimate of $.11 to $.55/square foot for new development was based on two factors:

* An annual goal of $250,000 from linkage fees to the trust fund
* Annual growth rates for various land uses based on the General Plan's land use projections spread over a 20 year buildout

Given that there was some sceptism of staff's development projections, I reviewed recent development approvals for commercial and industrial projects to establish a baseline condition. Based on a review of building permits issued between October 1985 and the end of December 1989, it appears that there has been significantly less square footage permitted on an annual basis than was projected under the General Plan. The following table compares the General Plan's square footage and revenue projections by land use with actual average additions and their projected revenue based on the same fee factors.

Table 1
LAND USE/REVENUE COMPARISONS

Land Use	Gen. Plan Sq. Ft.(1)	Gen. Plan Revenues(2)	Actual New Sq. Ft.(3)	Potential New $(4)
Retail	106,000	$30,750	71,500	$20,735
Office	116,500	$65,000	33,400	$18,370
B. Park	253,000	$93,000	0	0
Gen. Comml	7,000	$ 2,000	8,500	$ 2,465
Gen. Indus.	552,123	$58,750	160,000	$17,600
Total	1,034,623	$249,500	273,400	$59,170

(1) Based on General Plan Land Use projections divided over 20 years
(2) Projected revenues based on General Plan Land Use projections and previously proposed fees of $.11 to $.55/square foot.
(3) Average annual growth between 9/85 and 12/89
(4) Projected revenue based on average annual growth times previously assumed per square foot fees.

Table 1 indicates that if the previously proposed fees had been in effect since October of 1985, they would only have generated an average of $59,170 per year or a mere 23.6% of the assumed goal of $250,000 per year. Of course, commercial and industrial development is uneven year to year with approximately 600,000 to 700,000 square feet of new retail alone expected over the next year. Nevertheless, if the Task Force would like to achieve a significant portion of its revenues from commercial/industrial linkage fees, those fees will have to be much higher than previously proposed.

A basic question is what level of financial contribution should be expected for every goal unit generated by new development. As an example, if the City's goal is to assist 60-80 new lower income units per year and the trust fund is to provide an average per unit subsidy of between $10,000-15,000 per year then one method could be to apply that fee level to commercial development. Based on the 1986-89 data, the City would have needed to provide for an additional 24.33 units per year to accomodated the lower income goal of 10% The calculations which set the annual housing impact are attached.

Applying the $10,000 to $15,000 per unit subsidy for each lower income unit needed would require generating between $243,300 to $348,950 per year on average from linkage fees. Another way of looking at it is that new commercial/industrial development would be meeting 24-36% of the annual goal if the City were to adopt the $1,000,000 funding target the Task Force has been discussing.

The per square foot fee for various land uses at these levels would look like this if the 1986-89 data represents the trend for the forseeable future.

Table 2
COMMERCIAL/INDUSTRIAL LINKAGE FEE

Land Use	Annual Sq.Ft (1)	# Asst. Units(2)	Fee at $10,000(3)	Fee at $15,000(4)
Retail	71,500	8.58	$1.20/sf	$1.80/sf
Office	33,400	7.75	$2.32/sf	$3.48/sf
B. Park	0	0	0	0
Gen. Comml.	8,500	1.02	$1.20/sf	$1.80/sf
Gen. Indus.	160,000	6.98	.44/sf	.66/sf
Total/Aver.	273,400	24.33	$1.29/sf	1.94/sf

This table indicates that if the City were to attempt to meet a signficant portion of its fee based goal from a commercial and industrial linkage fee and the 1986-89 actuals are a good indication of typical activity, then fee levels would have to be 4 to 6 times higher than peviously assumed to reach the goals of $250,000 and $375,000 respectively.
An additional factor that could increase these costs even more is if the Task Force were to recommend minimum square footage thresholds below which the fees would not apply. Most sities that have linkage fee ordinances exempt smaller projects from paying these fees because of the disproportionate impact such fees would have. Typical thresholds are projects under 10,000 or under 25,000 square feet. Adoption of either of these thresholds would have a serious impact on the order of 20-50% of revenues collected.

ASSISTED UNIT CALCULATIONS

RETAIL

(1) Total Square Footage divided by square footage/employee

$\frac{71,500 \text{ sf}}{500 \text{ sf/employee}}$ = 143 retail generated employees

(2) Employees times households per employee factor

143 employees x .782 households = 111.8 employed households

(3) Eliminate dual earner households

111.8 households x .2305 = 25.78 111.8 - 25.78 = 86.02

(4) Aplly 10% goal criteria

86.02 households x .1 = 8.6 households needing assistance

OFFICE

(1) $\frac{33,400 \text{ sf}}{260 \text{ sf/employee}}$ = 128.46 employees

(2) 128.46 x .782 = 100.46 employed households

(3) 100.46 x .2305 = 23.15 100.46 - 23.15 = 77.31

(4) 77.31 x .1 = 7.73 units needing assistance

GENERAL COMMERCIAL/LIGHT INDUSTRIAL

(1) $\frac{8500 \text{ sf}}{500 \text{ sf/employee}}$ = 17 employees

(2) 17 x .782 = 13.29 employed households

(3) 13.29 x .2305 3.06, 13.29 - 3.06 = 10.23

(4) 10.23 x .1 = 1.02 households needing assistance

GENERAL INDUSTRIAL

(1) $\frac{160,000 \text{ sf}}{1,380 \text{ sf/employee}}$ = 115.94 employees

(2) 115.94 x .782 = 90.66 employed households

(3) 90.66 x .2305 = 20.9, 90.66 - 20.9 = 69.76

(4) 69.76 x .1 = 6.97

HOUSING MITIGATION FORMULA
(Retail)

The purpose of the housing mitigation formula is to establish a method to assess new commercial development a reasonable share of the cost of project generated affordable housing. The actual fees are expected to be considerably lower than the formula would recommend.

1. <u>TOTAL PROJECT GENERATED EMPLOYEES</u>

The total project square footage is divided by the typical number of square feet per employee for the project type. For instance, the General Plan EIR notes that for retail development this would translate to 1 employee per 500 square feet. So,

$$\frac{100{,}000 \text{ sq. ft.}}{500 \text{ sq. ft./employee}} = 200 \text{ project employees}$$

2. <u>HOUSEHOLDS PER EMPLOYEE</u>

Next, the total number of community households are divided by total employed residents to set the number of households per employee. In 1980, 26,790 households contained 34,240 resident employees, so,

$$\frac{26{,}790}{34{,}240} = .782 \text{ households per employee}$$

$$200 \text{ households X } .782 = 156.4 \text{ households}$$

3. <u>ELIMINATE DUAL EARNER HOUSEHOLDS</u>

This next step recognizes that many households have two wage earners and should not be double counted. According to the Franchise Tax Board, 46.1% of all Monterey County households in 1988 were dual income. So to avoid double counting these employed households, we would reduce employed households by 23.05% (half of 46.1%).

$$156.4 \text{ X } .2305 = 36; \qquad 156.4 - 36 = 120.4 \text{ project households}$$

This step indicates that each 100,000 square feet of office results in 120.4 project generated households in the community.

4. PROJECTED LOWER INCOME HOUSEHOLDS

The next step is to project the number of lower income households expected for each increment of new development. Accessable income data is not available by land use type, so, the community's general percentage of lower income households is applied which in 1988 was estimated to be 39.4% (12,414 of 31,464 households below 80% of median). Therefore,

120.4 X .394	=	47.4 lower income households

5. LOW INCOME GOAL

The City of Salinas has an affordable housing goal of 10% of all new units in projects of 20 units. If that standard were applied to office developments, it would generate:

120.4 X .1	=	12 households

6. TOTAL HOUSING COST

In 1987, the actual development cost of an 800 square foot apartment unit, according to the Housing Element, was $66,275, so, if the low income goal were to be achieved it would require:

12 X $66,275	=	$795,300

7. COST OF DEVELOPMENT PER FOOT

If new office development were to bear the full cost of developing these new units it would factor as follows:

$$\frac{\$795{,}300}{100{,}000 \text{ sq. ft.}} \qquad \$7.95/\text{sq. ft.}$$

8. ASSIGNED SHARE OF NEW DEVELOPMENT COST

If new office development were expected to contribute 25% of the cost for project generated low income housing, it would factor as follows:

$7.95 X .25	=	$1.99/sq.ft.

HOUSING MITIGATION FORMULA
(Office)

The purpose of the housing mitigation formula is to establish a method to assess new commercial development a reasonable share of the cost of project generated affordable housing. The actual fees are expected to be considerably lower than the formula would recommend.

1. TOTAL PROJECT GENERATED EMPLOYEES

The total project square footage is divided by the typical number of square feet per employee for the project type. For instance, the General Plan notes that an office typically has 260 square feet per employee, so,

$$\frac{100{,}000 \text{ sq. ft.}}{260 \text{ sq. ft./employee}} = 385 \text{ project employees}$$

2. HOUSEHOLDS PER EMPLOYEE

[Ne]xt, the total number of community households are divided by total employed residents to set the number of households per employee. In 1980, 26,790 households contained 34,240 resident employees, so,

$$\frac{26{,}790}{34{,}240} = .782 \text{ households per employee}$$

$$385 \text{ households X } .782 = 301 \text{ households}$$

3. ELIMINATE DUAL EARNER HOUSEHOLDS

This next step recognizes that many households have two wage earners and should not be double counted. According to the Franchise Tax Board, 46.1% of all Monterey County households in 1988 were dual income. So to avoid double counting these employed households, we would reduce employed households by 23.05% (half of 46.1%).

$$301 \text{ X } .2305 = 69 \text{ ;} \qquad 301 - 69 = 232 \text{ project households}$$

This step indicates that each 100,000 square feet of office results [in] 232 project generated households in the community.

4. PROJECTED LOWER INCOME HOUSEHOLDS

The next step is to project the number of lower income households expected for each increment of new development. Accessable income data is not available by land use type, so, the community's general percentage of lower income households is applied which in 1988 was estimated to be 39.4% (12,414 of 31,464 households below 80% of median). Therefore,

232 X .394 = 91.4 lower income households

5. LOW INCOME GOAL

The City of Salinas has an affordable housing goal of 10% of all new units in projects of 20 units. If that standard were applied to office developments, it would generate:

232 X .1 = 23.2 households

6. TOTAL HOUSING COST

In 1987, the actual development cost of an 800 square foot apartment unit, according to the Housing Element, was $66,275, so, if the low income goal were to be achieved it would require:

23.2 X $66,275 = $1,537,580

7. COST OF DEVELOPMENT PER FOOT

If new office development were to bear the full cost of developing these new units it would factor as follows:

$$\frac{\$1,537,580}{100,000 \text{ sq. ft.}} \qquad \$15.38/\text{sq. ft.}$$

8. ASSIGNED SHARE OF NEW DEVELOPMENT COST

If new office development were expected to contribute 25% of the cost for project generated low income housing, it would factor as follows:

$$\frac{\$15.38}{4} = \$3.85/\text{sq. ft.}$$

HOUSING MITIGATION FORMULA
(Business Park)

The purpose of the housing mitigation formula is to establish a method to assess new commercial development a reasonable share of the cost of project generated affordable housing. The actual fees are expected to be considerably lower than the formula would recommend.

1. TOTAL PROJECT GENERATED EMPLOYEES

The total project square footage is divided by the typical number of square feet per employee for the project type. For instance, the General Plan notes that business park employee density is 25 employees per acre (10,000 built sq. ft. per acre).

$$\frac{100{,}000 \text{ sq. ft.}}{250 \text{ sq. ft./employee}} = 400 \text{ project employees}$$

2. HOUSEHOLDS PER EMPLOYEE

Next, the total number of community households are divided by total employed residents to set the number of households per employee. In 1980, 26,790 households contained 34,240 resident employees, so,

$$\frac{26{,}790}{34{,}240} = .782 \text{ households per employee}$$

$$400 \text{ households X } .782 = 312.8 \text{ households}$$

3. ELIMINATE DUAL EARNER HOUSEHOLDS

This next step recognizes that many households have two wage earners and should not be double counted. According to the Franchise Tax Board, 46.1% of all Monterey County households in 1988 were dual income. So to avoid double counting these employed households, we would reduce employed households by 23.05% (half of 46.1%).

$$312.8 \text{ X } .2305 = 72.1; \qquad 312.8 - 72.1 = 240.7 \text{ project households}$$

This step indicates that each 100,000 square feet of office results in 240.7 project generated households in the community.

4. PROJECTED LOWER INCOME HOUSEHOLDS

The next step is to project the number of lower income households expected for each increment of new development. Accessable income data is not available by land use type, so, the community's general percentage of lower income households is applied which in 1988 was estimated to be 39.4% (12,414 of 31,464 households below 80% of median). Therefore,

240.7 X .394 = 94.83 lower income households

5. LOW INCOME GOAL

The City of Salinas has an affordable housing goal of 10% of all new units in projects of 20 units. If that standard were applied to office developments, it would generate:

240.7 X .1 = 24 households

6. TOTAL HOUSING COST

In 1987, the actual development cost of an 800 square foot apartment unit, according to the Housing Element, was $66,275, so, if the low income goal were to be achieved it would require:

24 X $66,275 = $1,590,600

7. COST OF DEVELOPMENT PER FOOT

If new office development were to bear the full cost of developing these new units it would factor as follows:

$$\frac{\$1{,}590{,}600}{100{,}000 \text{ sq. ft.}} \qquad \$15.90/\text{sq. ft.}$$

8. ASSIGNED SHARE OF NEW DEVELOPMENT COST

If new office development were expected to contribute 25% of the cost for project generated low income housing, it would factor as follows:

$$\frac{\$15.90}{4} = \$3.98/\text{sq. ft.}$$

HOUSING MITIGATION FORMULA
(General Commercial)

The purpose of the housing mitigation formula is to establish a method to assess new commercial development a reasonable share of the cost of project generated affordable housing. The actual fees are expected to be considerably lower than the formula would recommend.

1. TOTAL PROJECT GENERATED EMPLOYEES

The total project square footage is divided by the typical number of square feet per employee for the project type. For instance, the General Plan notes that employee density factor is 1 employee per 500 sq. ft. of development.

$$\frac{100{,}000 \text{ sq. ft.}}{500 \text{ sq. ft./employee}} = 200 \text{ project employees}$$

2. HOUSEHOLDS PER EMPLOYEE

Next, the total number of community households are divided by total employed residents to set the number of households per employee. In 1980, 26,790 households contained 34,240 resident employees, so,

$$\frac{26{,}790}{34{,}240} = .782 \text{ households per employee}$$

$$200 \text{ households X } .782 = 156.4 \text{ households}$$

3. ELIMINATE DUAL EARNER HOUSEHOLDS

This next step recognizes that many households have two wage earners and should not be double counted. According to the Franchise Tax Board, 46.1% of all Monterey County households in 1988 were dual income. So to avoid double counting these employed households, we would reduce employed households by 23.05% (half of 46.1%).

$$156.4 \text{ X } .2305 = 36; \quad 156.4 - 36 = 120.4 \text{ project households}$$

This step indicates that each 100,000 square feet of office results in 120.4 project generated households in the community.

HOUSING MITIGATION FORMULA
(General Commercial)

The purpose of the housing mitigation formula is to establish a method to assess new commercial development a reasonable share of the cost of project generated affordable housing. The actual fees are expected to be considerably lower than the formula would recommend.

1. <u>TOTAL PROJECT GENERATED EMPLOYEES</u>

The total project square footage is divided by the typical number of square feet per employee for the project type. For instance, the General Plan notes that employee density factor is 1 employee per 500 sq. ft. of development.

$$\frac{100{,}000 \text{ sq. ft.}}{500 \text{ sq. ft./employee}} = 200 \text{ project employees}$$

2. <u>HOUSEHOLDS PER EMPLOYEE</u>

Next, the total number of community households are divided by total employed residents to set the number of households per employee. In 1980, 26,790 households contained 34,240 resident employees, so,

$$\frac{26{,}790}{34{,}240} = .782 \text{ households per employee}$$

$$200 \text{ households X } .782 = 156.4 \text{ households}$$

3. <u>ELIMINATE DUAL EARNER HOUSEHOLDS</u>

This next step recognizes that many households have two wage earners and should not be double counted. According to the Franchise Tax Board, 46.1% of all Monterey County households in 1988 were dual income. So to avoid double counting these employed households, we would reduce employed households by 23.05% (half of 46.1%).

$$156.4 \text{ X } .2305 = 36; \qquad 156.4 - 36 = 120.4 \text{ project households}$$

This step indicates that each 100,000 square feet of office results in 120.4 project generated households in the community.

HOUSING MITIGATION FORMULA
(General Industrial)

The purpose of the housing mitigation formula is to establish a method to assess new commercial development a reasonable share of the cost of project generated affordable housing. The actual fees are expected to be considerably lower than the formula would recommend.

1. <u>TOTAL PROJECT GENERATED EMPLOYEES</u>

The total project square footage is divided by the typical number of square feet per employee for the project type. For instance, the General Plan notes that employee density for general industrial would be 1 employee for each 1380 sq. ft. of new industrial development.

$$\frac{100{,}000 \text{ sq. ft.}}{1380 \text{ sq. ft./employee}} = 72.4 \text{ project employees}$$

2. <u>HOUSEHOLDS PER EMPLOYEE</u>

Next, the total number of community households are divided by total employed residents to set the number of households per employee. In 1980, 26,790 households contained 34,240 resident employees, so,

$$\frac{26{,}790}{34{,}240} = .782 \text{ households per employee}$$

72.4 households X .782 = 56.66 households

3. <u>ELIMINATE DUAL EARNER HOUSEHOLDS</u>

This next step recognizes that many households have two wage earners and should not be double counted. According to the Franchise Tax Board, 46.1% of all Monterey County households in 1988 were dual income. So to avoid double counting these employed households, we would reduce employed households by 23.05% (half of 46.1%).

56.66 X .2305 = 13.06; 56.66 - 13.06 = 43.6 project households

This step indicates that each 100,000 square feet of office results in 43.6 project generated households in the community.

4. PROJECTED LOWER INCOME HOUSEHOLDS

The next step is to project the number of lower income households expected for each increment of new development. Accessable income data is not available by land use type, so, the community's general percentage of lower income households is applied which in 1988 was estimated to be 39.4% (12,414 of 31,464 households below 80% of median). Therefore,

43.6 X .394	=	17.2 lower income households

5. LOW INCOME GOAL

The City of Salinas has an affordable housing goal of 10% of all new units in projects of 20 units. If that standard were applied to office developments, it would generate:

43.6 X .1	=	4.36 households

6. TOTAL HOUSING COST

In 1987, the actual development cost of an 800 square foot apartment unit, according to the Housing Element, was $66,275, so, if the low income goal were to be achieved it would require:

4.36 X $66,275	=	$288,959

7. COST OF DEVELOPMENT PER FOOT

If new office development were to bear the full cost of developing these new units it would factor as follows:

$$\frac{\$288,959}{100,000 \text{ sq. ft.}} \qquad \$2.89/\text{sq. ft.}$$

8. ASSIGNED SHARE OF NEW DEVELOPMENT COST

If new office development were expected to contribute 25% of the cost for project generated low income housing, it would factor as follows:

$2.89 X .25%	=	$ .72/sq. ft.

APPENDIX C
BUSINESS LICENSE ALTERNATIVES

BUSINESS LICENSE ALTERNATIVES

1. IMPOSE EXISTING PROFESSIONAL FEE STRUCTURE ON AGRICULTURE AND MANUFACTURING FIRMS (TAX OF $50 PER FIRM AND $10 PER EMPLOYEE)

MANUFACTURING

FIRMS	58	X	$50 =	$2,900
EMPLOYEES	2130	X	$10 =	$21,300
MANUFAC. TAX				$24,200

AGRICULTURE

FIRMS	51	X	$50 =	$2,550
EMPLOYEES	7,000	X	$10 =	$70,000
AGRICULT. TAX				$72,550

TOTAL TAX INCREMENT $24,200 + $72,550 = $96,750

2. IMPOSE A SLIGHTLY HIGHER PROFESSIONAL FEE FORMULA ON EXISTING PROFESSIONALS AND ON AGRICULTURE AND MANUFACTURING.

EXISTING PROFESSIONALS (NEW FEE $75/PROFESSIONAL, $20/EMPLOYEE)

PROFESSIONALS	1000	X	$75 =	$75,000
EMPLOYEES	2840	X	$20 =	$56,800
TOTAL				$131,800

AGRICULTURE

FIRMS	51	X	$75 =	$3,825
EMPLOYEES	7,000	X	$20 =	$140,000
AGRICULTURAL TAX				$143,825

MANUFACTURING

FIRMS	58	X	$75 =	$4,350
EMPLOYEES	2,130	X	$20 =	$42,600

TOTAL TAX INCREMENT

PROFESSIONAL (INCREASE $131,800-$78,500)	$53,500
AGRICULTURE	$143,825
MANUFACTURING	$42,600
TOTAL	$239,925*

If the per employee fee were $15 per head this alternative would generate an additional total of $197,575 per year.

APPENDIX D
COMMUNITY DEVELOPMENT BLOCK GRANT
HOUSING PROGRAM ACTIVITY

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
HOUSING ACTIVITY EXPENDITURES

Fiscal Year	Housing Rehab	CHISPA Admin/Proj. Dev.	Land Acq.	Interim	Total
1975/76	-0-	-0-	-0-	-0-	-0-
1976/77	-0-	-0-	-0-	-0-	-0-
1977/78	101,100	-0-	-0-	-0-	101,100
1978/79	110,000	-0-	-0-	-0-	110,000
1979/80	572,200	-0-	-0-	-0-	572,200
1980/81	263,300	150,000	250,000	-0-	663,300
1981/82	151,300	25,000	175,000	-0-	351,300
1982/83	346,490	175,000	50,000	-0-	571,490
1983/84	315,000	-0-	-0-	-0-	315,000
1984/85	291,000	*125,000	105,500	-0-	521,500
1985/86	303,500	*150,000	-0-	-0-	453,500
1986/87	255,200	*213,066	-0-	-0-	468,266
1987/88	281,100	*400,055	-0-	55,000	736,155
1988/89	370,730	*255,000	-0-	50,000	675,730
1989/90	612,463	*256,000	-0-	30,000	898,463
**1990/91	413,805	*224,583	-0-	70,000	708,388
Total:	$4,387,188	$1,973,704	$580,500	$205,000	$7,146,392

**These funds supported both housing related activities and Portales de Alisal project development. Land acquisition funds provided to CHISPA during the period from 1983-84 through 1990-91 for Portales de Alisal are not included in this list.*

***Expenditures as of 2/28/91 for FY 1990-91.*

Note: Federal Rental Rehabilitation Program (RRP) funds totaling $393,800 have been expended during fiscal years 1985 through 1991. This program is slated to be terminated by the federal government; therefore, no future funding is anticipated.

WP51/HSGEXP

BLOCK GRANT ENTITLEMENT FUNDING

Year	Entitlement Amount
1975/76	$ 264,000
1976/77	586,000
1977/78	988,000
1978/79	1,033,000
1979/80	1,126,000
1980/81	1,205,000
1981/82	1,174,000
1982/83	1,012,000
1983/84	1,163,000
1984/85	1,523,000
1985/86	1,522,000
1986/87	1,077,000
1987/88	1,303,000
1988/89	1,253,000
1989/90	1,302,000
1990/91	1,237,000
Grand Total:	**$17,768,000**

wp51/BGENTFND

APPENDIX E
LOWER INCOME HOUSING WITHIN SALINAS

Lower Income Housing within Salinas

[Note: Relates to production of new housing units only, includes neither rehab of existing, nor HACM acquisition of existing, nor Section 8 assistance for existing.]

Name/Site	Year	Sources	Number/Type of Units
Vance Estates	1987	State	26 Units lower income, family ownership housing
Del Monte/Sanborn 33-8	1980	HUD	89 Units of public housing for families by HACM
Natividad Rd 33-7	1981	HUD	40 Units of public housing for families by HACM
Steinbeck Commons	1982	City Bond	100 Units Section 8 senior rental housing
Casas de Madera	1982	City Bond	75 Units of co-op family hsg by CHISPA (with HUD), City used eminent domain for site
Lakeview Housing	1983	State	50 Units of private lower income family rental housing
Loma El Paraiso	1983	FmHA	43 Units of family rental housing by CHISPA, City assisted with site
Vista de la Terraza	1987	State	40 Units of family rental housing by CHISPA, City assisted with site
Alvin @ Main 33-14	1984	HUD	80 Units of public housing for families by HACM (City assisted with site)
Laurel/Rider 33-10	1985	HUD	25 Units of public housing for families by HACM
Brentwood Gardens	1985	City* Bond	60 Units of rental housing for lower income households (expires in 2000)
Foxcreek Village	1985	Density Bonus	42 Units of rental housing for lower income households
Mariner Village	1985	City* Bond	35 Units of rental housing for lower income households (expires in 2000)
Northridge Park I	1985	CHFA Bond	25 Units of rental housing for lower income households (expires in 2000)

Harrod/Alvin	1986	Density Bonus	15 Units of rental housing for lower income households
Glenview	1986	Density Bonus	8 Units of rental housing for lower income households
Shadowbrook	1986	City* Bond	18 Units of rental housing for lower income households (expires in 2001)
Front Street (Farm Labor)	1987	FmHA	13 Units of farm labor housing for families by HACM
Northridge Park II	1987	City* Bond	26 Units of rental housing for lower income households (expires in 2002)
La Posada	1987	FmHA	44 Units of farm labor housing for families by HACM
Catalyst Apts.	1988	HUD	12 Units of assisted housing for disabled by INTERIM (City assisted with site)
Catalyst II	1988	HACM	5 Units of Section 8 housing by HACM
Villa Serra	1989	City* Bond	30 Units of low & very low income senior housing (expires in 2004)
Casa de Paloma	1990	Many	6 Units of assisted housing for disabled by INTERIM (City assisted with site)

* Units indicated for these projects financed by City bonds are only the units reserved for lower income households, total unit count for each project is several times the number shown.

DGS 12/90